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NEWS SUMMARY

GENERAL

Inquiry as oil tanker leaks

The Department of Trade ordered an inquiry into the grounding of the Greek tanker off South Wales, where spraying vessels are tackling an oil slick covering 60 square miles.

Two light tankers were heading for the stricken Christos Bitas to begin transferring its cargo of 35,000 tonnes of Iranian heavy crude.

The Greek-owned tanker was en route from Rotterdam to Belfast when it ran aground near Milford Haven and was holed. First inquiries by the Department suggest the tanker was too close to the coast. Page 3

Korchnoi level in chess match

Challenger Viktor Korchnoi beat Anatoly Karpov in the 31st game of the world chess championship to draw level at five-all. Six wins are needed to clinch the title.

Beirut 'buffer'

About 1,000 Lebanese soldiers have moved into two Beirut suburbs in an attempt to establish a buffer zone between Syrian troops and Christian militias. Page 2

Iran relents

Iran has bowed to demands by striking newspaper workers for an end to Press censorship but the Government faces more trouble with an Opposition call for a general strike to start on Monday.

Basque ambush

Two policemen were shot dead and a third wounded in an ambush by terrorists outside Bilbao, Spain's Basque provincial capital.

Seal ship back

The cat and mouse game between seal hunters and conservationists continued when the Norwegian seal ship Kvitungen sailed back into Kirkwall Bay, Orkneys, for the third successive day. Government officials went aboard for more talks.

Second shooting

The second security guard to be shot in London inside 24 hours is recovering in hospital after raiders stole just under £6,000 in wages which was being delivered to Edgware general hospital, North London. Both victims—Thursday's was shot dead—worked for Securicor.

Ullsten in

Ola Ullsten, leader of Sweden's Liberals, became the new Prime Minister after a parlimentary vote in which most of the members abstained. The new Cabinet will be announced next week. Page 2

Wine inquiry

Allegations that blended wine was relabelled and sold as an expensive product are being investigated by the Ministry of Agriculture and Fisheries. The allegations involve a wine shipping company based in East London. Page 3

Briefly . . .

King Hassan of Morocco said a major source of oil had been found, enough to cover the country's present needs.

Bomb scares halted several Ulster trains following Thursday's bomb attack in which a woman died.

Geoffrey Boycott, sacked Yorkshire cricket captain, has been asked to explain to the county committee his TV interview with Michael Parkinson last week. Man of the Week, Back Page

Turner Layton, of the Layton and Johnstone singing duo, left £24,855 net in his will.

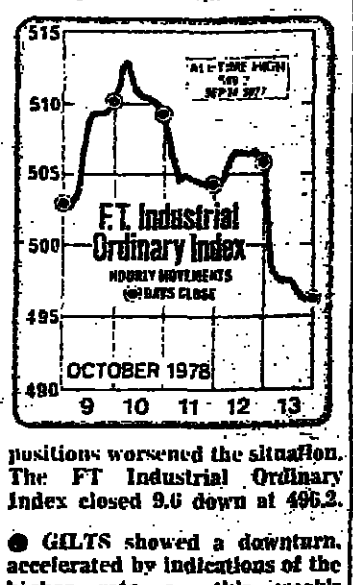
Dr. David Owen, Foreign Secretary, left for talks with the South African Government on Namibia. Feature, Page 2

Actress Elizabeth Taylor was taken to hospital in Big Stone Gap, Virginia, after a piece of chicken stuck in her throat.

BUSINESS

Equities lose 9.6; Gilts fall 0.49

● **EQUITIES** were adversely affected by increasing pressure on the official pay policy. Closing, or cutting, of Account



positions worsened the situation. The FT Industrial Ordinary Index closed 9.6 down at 496.2.

● **GILTS** showed a downturn, accelerated by indications of the higher rate on this week's Treasury bills and subsequent concern about interest rate levels. The Government Securities index closed 0.49 down at 69.06.

● **STERLING** fell on trade figures but was lifted by the dollar's late weakness to close 15 points up at $1.9865. The pound's trade-weighted index was 62.1 (62.4).

● **DOLLAR** fell in late trading after a steady start. Its trade-weighted depreciation widened to 10.2 (10.1) per cent.

● **GOLD** closed unchanged at $224½ despite quite active trading. The New York Comex October settlement price was $224.20 ($223.40).

● **WALL STREET** closed 0.35 up 897.09 before the Fed raised its discount rate by ½ per cent to 8½ per cent.

● **U.S.** money supply: M1 fell from $361.9bn to $359.9bn. M2 fell from $864.2bn to $864bn.

Peking steel office planned

● **BRITISH STEEL** plant manufacturers and designers plan to open a permanent office in Peking to represent British interests in the modernisation of the Chinese steel industry. The Ford Motor Company of the U.S. has denied a report in a Hong Kong business newspaper that it is planning to open a vehicle assembly plant in China. Back Page

● **RAPID** rise in industrial output over the first half of the year appears to be slackening, according to Central Statistical Office figures. But there are signs that manufacturing production is still moving steadily ahead. Back Page

● **MORTGAGE** rates are likely to stay at 9¾ per cent for the rest of the year, according to the Building Societies' Association, which reported net receipts up to £346m in September. Page 3

● **INLAND REVENUE** has ruled that investing institutions normally exempt from capital gains tax are not exempt when dealing in options. Page 3

COMPANIES

● **HONDA** Motor Company announced a 15.9 per cent fall in parent company profits to Y7.82bn (£42.2m) for the first half of the financial year, from the record Y9.29bn in the same period the previous year. Page 21

● **GEO. G. SANDEMAN** Sons and Co. pre-tax profits surged from £17,000 to £457,000 for the first half of 1978. Turnover was ahead from £5.11m to £5.94m. Page 18

Pay policy blow as Ford and BOC offers are rejected

BY ALAN PIKE AND NICK GARNETT

The Government last night faced the prospect of its pay guideline being not merely breached but completely disregarded as the first two offers to break the 5 per cent limit were rejected by union representatives.

After a day of negotiation on behalf of 57,000 **FORD** manual workers union officials rejected an offer averaging 8 per cent and left the talks with no further meeting planned.

Earlier **BRITISH OXYGEN** shop stewards rejected a similar offer and demanded an eight-month deal worth about 15 per cent or a 12-month deal to give rises on earnings of 20 per cent or more.

When Ford, which has faced a national strike for the past three weeks, resumed talks with the unions yesterday, it opened with an offer worth an average of 6.5 per cent.

This was promptly rejected by the union side, but discussions continued.

Late yesterday afternoon the company increased its offer to one averaging 8 per cent. Ford's offers were conditional on the union negotiators appealing to the strikers to return.

The company made it clear that if the strike was called off and union officials signed an undertaking to help improve production efficiency, a further increase on top of the 8 per cent would be offered. The talks broke down when after a short adjournment the union side rejected the new offer.

Mr Ron Todd, chairman of the union negotiators, said that the company had come "nowhere near" the response the unions were seeking to their claim for £20-a-week increases and other improvements including a reduction in working hours.

"Although they have removed the shackles of Government restraint they are still trying to negotiate close to it," he said.

The offer was not sufficient to warrant either having further talks or recommending an end to the strike.

Mr. Paul Roots, Ford's employee relations director, said after the breakdown of talks that the company had tried extremely hard to keep negotiations going but had faced a "fairly solid position" from the unions.

He had made clear to union negotiators that more money would be available in return for production improvements, and he was "not talking about halfpennies."

In return for a further increase in the offer Ford seeks union support to ensure better continuity of production, work flexibility and more efficient use of resources.

So far as the Government's pay policy is concerned, this would not have the cosmetic appeal of constituting a productivity deal. If the unions signed a declaration of intent the extra money would be available for negotiation and payment regardless of performance.

The union side told the company that it was not prepared to discuss measures to improve efficiency until the basic pay offer was increased further.

Negotiators for the 3,000 drivers drivers and industrial gas cylinder handlers at British Oxygen's gases division seek urgent talks with the company next week.

At the lay delegates' meeting yesterday none of the stewards present, more than 70, was prepared to accept the company's 7.7 per cent offer. They agreed on the approach to be adopted at those talks.

The company will be told that it must improve its offer in five specific areas, including consolidation of supplements, higher shift and meal allowances and further new money on basic rates in a deal to last eight months.

This would be in line with the union's attempt to alter the annual negotiating date from September to May and would be designed to give rises on average earnings of about 15 per cent during that period.

If the company refuses to negotiate an eight-month deal, the unions will resurrect extra

Continued on Back Page

Mrs. Thatcher offers olive branch to unions

BY RICHARD EVANS, LOBBY EDITOR

MRS. MARGARET THATCHER yesterday offered trade union leaders a goal they could not attain under Mr. Callaghan's Labour Administration, the introduction of "realistic, responsible collective bargaining, free from Government interference."

But behind the olive branch offered during a skilful speech, winding up the Conservative Party conference at Brighton, lay a warning—if the unions did not co-operate with Conservative policies they would have to face the economic consequences.

Although Mrs. Thatcher spoke in cautious and conciliatory terms, there was no doubt about her determination to abandon any formal incomes policy, and to allow full rein to market forces.

She came down decisively on the side of Sir Keith Joseph, her policy adviser, rather than on that of Mr. Edward Heath or Mr. James Prior, employment spokesman, in the argument that has been raging in the conference and behind the scenes at Brighton all week.

Her first aim, in a speech directed more at the electorate than the party faithful, was to capitalise on Labour's damaging reversals at the hands of the trade unions at Blackpool last week, and to present the Conservatives as the only viable administration.

She promised a Conservative administration under her leadership would do all a government could to rebuild a prosperous economy by encouraging competition, free enterprise and profits.

Presenting a carrot to trade unionists, she declared: "We believe in making substantial cuts in the tax on your pay packet, and we will create conditions in which the value of the money you earn and the money you save can be protected.

"We will do all these things, that I promise you. We will play our part if you, the trade union leaders, play yours, responsibly."

Then came the warning: It was up to the unions to act realistically in the light of all the facts. "If you demand too much, you will bargain your firm into bankruptcy and your members onto the dole. No one wants that."

Some of the warmest applause came when Mrs. Thatcher contrasted Britain's economic stagnation with the success of West Germany and added: "What they have had is strict control of the money supply, no rigid incomes policy, less state control than we have, lower personal tax, and unions which are on the side of the future, not re-fighting the battles of the past."

She said she understood union fears over jobs, but argued that the right way to attack unemployment was to abandon restrictive practices and to produce more goods more cheaply.

"The idea that only Labour can talk to labour drowned in the sea at Blackpool. Let me now start our Conservative dialogue," she concluded.

The Tory leader, predictably, did not mention her predecessor, Mr. Heath, by name. But she sought to erase the four years of his administration by referring only to the 13 years of Tory rule up to 1964.

Although Mr. Heath is now an increasingly lonely figure within the Tory Party in his outspoken opposition to the rightward swing that has taken place at Brighton this week, there are members of the shadow Cabinet who are also concerned at the trend developing in Tory economic policy.

Conference Report Page 5

Rolls in £100m Japan talks

BY LYNTON McLAIN

ROLLS-ROYCE has started talks with the Japanese aerospace industry on a £100m programme to develop the proposed RB 432 engine for a new generation of civil and military aircraft.

The joint programme, if agreed, will have an important long-term bearing on the future development of Rolls-Royce and on the growing Japanese aircraft industry.

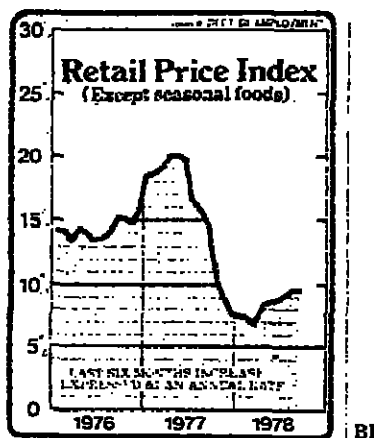
Both sides would have much to gain from collaboration, with Rolls transferring its technology in return for possible guarantees on Japanese outlets for its new, advanced technology engines.

The RB 432 engine will replace the Spey power plant used on Trident and RAF Phantom fighter aircraft, and Rolls-Royce expects by 1990 to sell up to 5,000 of the engines for new aircraft, including the Fokker-VFW F29 aircraft designed to compete with the British Aerospace 146 short-range airliner.

Japan has a small and experimental programme to develop its own turbofan engines, including the FJR 710/20, which will be fitted to a short-take-off version of the Kawasaki C-1 transport, but the country is anxious to benefit from Rolls-Royce's long experience in engine design.

Last month the Japanese Civil Transport Development Corporation signed a risk-sharing agreement with Boeing to build parts of the proposed 767 airliner. This type of development and others involving Japan's biggest companies, including Mitsubishi, Kawasaki and Fuji Heavy Industries, are expected to push Japan into the same aerospace industry league as Britain and France by the late 1980s.

Rolls-Royce was reticent last night. Sir Kenneth Keith, the company's chairman, did say it was in discussion with a "very powerful potential partner with a view to producing the RB 432 for an in-service date of 1985 to 1986."



Rate of inflation falls

BY MICHAEL BLANDEN

THE RATE of retail price inflation dropped last month. All the recent evidence is that the 12-month inflation rate should stay in single figures, probably until the spring.

The Department of Employment said yesterday that the retail price index rose by 0.4 per cent to 200.2 (January 1974=100) in the month to mid-September. This compared with an increase of 0.7 per cent in August.

As a result, the increase in prices in the past 12 month fell to 7.8 per cent against 8 per cent in the year to August, and a low point of 7.4 per cent in June.

The figures were in line with repeated forecasts by Mr. Roy Hattersley, the Prices Secretary, that the 12-month rate should fluctuate round 8 per cent for the rest of this year.

With the good harvest and the recent relative strength of the pound, the outlook remains good until early next year.

The most useful guide to the underlying rate of price increases is normally given by the index which excludes the effect of seasonal food prices, taken over a six-month period and expressed at an annual rate.

This stood at 9.6 per cent in the six months to mid-September, unchanged from the level in the previous month. This figure is influenced upwards, however, by the annual bunching of certain increases, particularly for local authority rents and rates, in April.

UK trade swings back into deficit

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

BRITAIN'S current account swung back into a large deficit during September, continuing this year's pattern of sharp month-to-month fluctuations But there were several especially unfavourable factors last month and the underlying trend is probably around balance.

There was a deficit of £119m in September, compared with a surplus of £132m in the previous month. About half the change reflected the impact of erratic influences such as the industrial dispute at Southampton Docks and variations in oil shipments. Imports of road vehicles rose by 47½ per cent from the low August level, though the longer-term rate of growth this year has been less than the average for manufactured goods.

In the markets, there had been fairly accurate speculation about the figures just before their publication. This caused sterling to weaken to a day's low of $1.9765, but there was a late rally, partly reflecting the further problems of the dollar, and the closing level of $1.9865 was 15 points up on the day.

The pound, however, weakened again compared with the stronger Continental currencies so that the trade-weighted index dropped by 0.3 to 62.1.

Over the last week this index has fallen by nearly 1 per cent; while the pound has gained slightly against the dollar it has slipped, for example, by just over 2 per cent against the Deutsche Mark. This may partly have reflected market anticipation of a British decision to join the proposed European monetary system.

The overall trade performance remains masked by variations in the more erratic elements and in oil. The balance in these items worsened by £279m between the second and third quarters of 1978 and this more than accounted for a £242m deterioration to a current account deficit of £44m in the July-to-September quarter.

The result has been a cumulative deficit of £163m in the first nine months of the year. This compares with the April Budget projection of a surplus of £750m for the year, and the more recent suggestion by Mr. Denis Healey, Chancellor, that there should be some surplus.

Earlier this week it became known that the EEC Commission was now projecting a UK deficit of about £250m for 1978.

Although North Sea oil production has not been rising quite as rapidly as previously hoped, the main reason for the difference between the likely outcome in 1978 and the April forecast has been the rise in imports.

Purchases of industrial materials and semi-manufactured goods in particular have remained more buoyant than expected. In the first nine months of 1978 volume was 10½ per cent higher than the average last year.

Imports of finished manufactured goods have also been rising rapidly, though this was expected in view of the buoyancy of domestic demand. In the last quarter the volume of purchases, excluding erratic items, was 5½ per cent higher than in the previous quarter.

However, after a flat trend in the first half of 1978, the volume of exports has now begun to grow steadily, in line with the evidence from recent Department of Trade and CBI surveys.

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BALANCE OF PAYMENTS
(£m, seasonally adjusted)

		Visible trade	Invisibles	Current account
1977	1st	−973	+478	−495
	2nd	−762	+465	−297
	3rd	−31	+543	+574
	4th	−5	+512	+507
1978	1st	−612	+295	−317
	2nd	−135	+333	+198
	3rd	−269	+225	−44
	May	−227	+111	−116
	June	−100	+111	+11
	July	−132	+75*	−57
	Aug.	+57	+75*	+132
	Sept.	−194	+75	−119

* provisional estimate

Source: Department of Trade

Fed. lifts discount rate to 8½%

BY JOHN WYLES — NEW YORK, Oct. 13.

THE U.S. federal reserve board today lifted its discount rate from 8 per cent to a record 8½ per cent with effect from Monday, in one of its most aggressive interest rate moves for nearly two months.

The Fed's announcement came in a day in which most major U.S. banks had boosted their prime rates to 10 per cent in spite of a reiteration of President Carter's concern about interest rate levels by Mr. Jody Powell, the White House Press secretary.

Chase Manhattan of New York started the trend when it raised its prime rate on yesterday. Citibank followed today and the other leading New York banks and banks in other money centres followed suit.

At the end of a week which has seen considerable foreign central bank intervention on behalf of the dollar, the Fed's move on the discount rate may be seen as an important commitment gesture by the U.S. authorities.

Continued on Back Page

£ in New York

—	Oct. 13	Previous
Spot	$1.9840-9850	$1.9845-9855
1 month	0.45-0.53 dis	0.50-0.40 dis
3 months	1.57-1.51 dis	1.56-1.46 dis
12 months	5.65-5.40 dis	5.80-5.50 dis

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicted)

RISES:

Ash & Lacy	146	+ 4
City Offices	68	+ 4
Imry Prop.	387	+ 32
More O'Ferrall	85	+ 5
Ricardo	357	+ 10
Sandeman (G.)	66	+ 4
Victor Products	272	+ 8

FALLS:

Exchequer 8¾pc 1983	£88¾	− ½
Exchequer 12pc '13-17	£96	− 1
Amalgamated Power	144	− 6
Boots	198	− 8
Brown (J.)	430	− 14
Combined Eng. Strs.	122	− 6
Costain (R.)	236	− 10
Distillers	199	− 6
Dunbee-Combex	124	− 10
Fairview Estates	130	− 5
Farnell Electronics	402	− 10
GEC	324	− 12
Glaxo	570	− 11
Gold Field Props.	73	− 7
GUS A	312	− 10
Hunting Assoc.	328	− 22
ICL	473	− 12
MEPC	141	− 4
Moss Bros.	120	− 8
Mothercare	170	− 6
Perry (H.)	115	− 6
Rank Org.	236	− 10
Redfearn Nat. Glass	287	− 29
Taylor Woodrow	408	− 14
Vickers	185	− 5
Whitbread A	96½	− 4
De Beers Defd.	402	− 10
Hartebeest	£12¼	− ⅝
Randfontein	£32¼	− 1½
Southvaal	526	− 35

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FEATURES

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OVERSEAS NEWS

Japanese economic decline blamed on yen revaluation

BY CHARLES SMITH

TOKYO, Oct. 13.

THE REVALUATION of the Yen—by 53 per cent since January 1977—is starting to produce a marked deflationary effect on the Japanese economy the Economic Planning Agency said today in a monthly report.

The EPA stresses the recent fall in Japan's export volume, which is directly attributable to Yen revaluation, as the main cause of declining economic activity. Exports have fallen from year-ago levels on a volume basis for the past five months with the margin of the fall ranging from 2.5 per cent during the second quarter of the year to over 7 per cent in July.

The decline in exports is larger than estimated in the Government's economic plan and could prompt the Ministry of International Trade and Industry to suspend the guidance to major industries to restrain overseas sales which has been in force since last spring.

The clearest indicator of declining economic activity on the domestic front is the industrial production index which the EPA expects to show a 0.2 per cent decline for the third quarter as compared with the April-June quarter. In the first two quarters of the year the index rose by 2.9 per cent and 1.7 per cent respectively. If the index continues to show a decline during the remaining months of the year pressures will build up for the Government to introduce new reflationary measures either in the form of interest rate cuts or additional public spending.

Japan's wholesale price index fell 3.7 per cent from the level of the previous year in September, the Bank of Japan announced today. The fall was the steepest since January, 1959 and is attributed entirely to the impact of yen revaluation on the prices of imported materials.

The import price index for the month was down 21.8 per cent from last year.

The cut in wholesale prices will produce a marked impact on consumer prices after a time lag of some three to four months. This should mean that both of Japan's main price indices will reach levels well below those postulated in the Government's economic targets for fiscal year 1978. The provisional target for wholesale prices was a 1 per cent fall from the 1977 level.

Hope for NY press settlement

BY JOHN WYLES

NEW YORK. Oct. 13.

THE FIRST real prospect of a breakthrough in the strike which has shut down two of New York city's three daily papers for 65 days emerged late yesterday.

The pressmen's union and the publishers of the New York Times agreed in principle on a formula to be negotiated over the next few days. The architect of the proposals is Mr. Theodore Kheel, the lawyer-mediator, whose involvement prompted Mr. Rupert Murdoch, publisher of the New York Post, to forecast a "sell out" and to settle unilaterally with the pressmen 12 days ago.

Mr. Murdoch was busy preparing a second Sunday edition of his newspaper today but he told the Financial Times that the emerging agreement was pretty much as he expected. "Instead of having the worst manning in the world we are going to have the second worst," he predicted.

Mr. Murdoch's agreement with his pressmen was based on an undertaking to implement whatever manning agreement is negotiated by the Times and the News. In the hard bargaining which still faces them, these two newspapers have agreed to give job guarantees to all of the city's pressmen in return for "competitive manning." This could mean that the 1,500 pressmen will be promised employment provided they agree to man machines according to schedules operated by Long Island's successful morning newspaper, Newsday. At the New York Times this would mean that instead of 189 pressmen working on an 84 to 96 page newspaper, the number would be reduced to 143.

The New York Times' goal at the start of the strike was a manning level of around 106.

The formula also means that job reductions will have to be secured through natural wastage. This is in line with a settlement made with the typographers' union in 1974 which has successfully reduced composing room manning from 819 to around 500. However, the typographers won lifetime guarantees while the undertakings to the pressmen are expected to run for six years.

Murdoch walks alone—Page 16

U.S. inflation plan attack

BY STEWART FLEMING

HOT SPRINGS, Oct. 13.

SENIOR EXECUTIVES of major U.S. corporations attending the half-yearly Business Council meeting in Virginia are firmly rejecting wage-price guidelines as effective anti-inflation tools even though the Carter Administration is expected to introduce them as a key part of its forthcoming anti-inflation package.

While questing their value, however, Business Council leaders stress that they will do everything they can to follow them.

The council includes the top executives of many of the largest U.S. companies. Its chairman is Mr. John D. Debutts, chairman of American Telephone and Telegraph and its vice-chairmen includes Mr. Thomas A. Murphy of General Motors and Mr. Irving Shapiro of Du Pont.

Today they met senior Carter Administration officials including Mr Robert Strauss who has been heading the Administration anti-inflation programme.

Mr. Strauss later conceded that he was disappointed with the effectiveness of this programme, and implicitly confirmed reports that he is unlikely to be in charge of the next stage of the Administration's anti-inflation drive. He expects that it will be a week or more, before the package is finalised.

New York Stock Market—Page 6

King talks on Belgian crisis

By Giles Merritt

BRUSSELS Oct. 13.

A DETERMINED move to bring Belgium's 48-hour-old political crisis to an end by forming a new Government while avoiding a general election became apparent in Brussels today.

Atempts at shoring up the six-party ruling coalition without recourse to the ballot box have been given a lead by King Baudouin, who yesterday called the country's political leaders to the palace for emergency talks.

Although the situation remains volatile, it seems likely that an "informateur" will shortly be appointed by the King to determine whether or not a new or reconstituted coalition is feasible without elections being called. Should he decide that a coalition is possible, a "formateur" will then be appointed as Premier-delegate to negotiate the new Government's parliamentary base.

Chirau 'to meet Mugabe'

BY TONY HAWKINS

SALISBURY, Oct. 13.

Chief Jeremiah Chirau, the one member of the four-man Rhodesian Executive Council who is strongly in favour of an all-party conference, is trying to arrange a meeting with Mr. Robert Mugable, leader of the external wing of ZANU.

The publicity secretary of Chief Chirau's ZUPO party, announcing this today, said the Chief was ready to meet Mr. Mugabe provided the ZANU leader agreed

Chief Chirau met Mr. Joshua Nkomo, the co-leader with Mr. Mugabe of the Patriotic Front, in London in July this year. The chief has been told by his party executive to do his utmost to arrange an all party conference, the ZUPO spokesman said.

Michael Holman adds from Lusaka: ZANU has demanded the exclusion of the United States Government from all future conferences on Rhodesia. In a statement issued in the Mozambique capital, Maputo, in response to the visit to Washington of the four-man Rhodesian Executive Council, ZANU declared that the U.S. had "exceded its jurisdiction as a mediator."

Acknowledging the right of the Carter Administration to admit "whoever it pleases," the statement continued: "By the same token it is within our rights to demand that states that have no legal right or interest in the Rhodesian constitutional situation should not have any presence at any future constitutional conference dealing with this matter. We now name the United States as one such state which must never attend."

A separate ZANU statement on Zambia's decision to reopen her southern route through Rhodesia has raised the fears that the guerrilla movement intends to sabotage the line.

Cardinals enter conclave to choose a pastoral Pope

BY PAUL BETTS

ROME, Oct. 13.

THE 111 voting members of the Sacred College of Cardinals will assemble tomorrow in secrecy for the second time in barely two months to elect a new Pope. This follows the unexpected death of Pope John Paul 1 after a reign of 33 days, one of the briefest pontificates in the history of the Roman Catholic Church.

Pope John Paul's sudden death has left the Cardinals, who will start voting in the Sistine Chapel on Sunday, with a difficult choice. According to Giuseppe Cardinal Siri, Archbishop of Genoa, the election this time could take two or three days, whereas John Paul was selected after only one day's conclave and three ballots.

Cardinal Siri is himself among the Papabili, or possible candidates, together with Salvatore Cardinal Pappalardo, the Archbishop of Palermo, Corrado Cardinal Ursi, the Archbishop of Naples, and Antonio Cardinal Poma, Archbishop of Bologna.

At the last election, Cardinal Siri, who is generally regarded as a conservative, is understood to have gained substantial support during the voting.

However, the Cardinals are likely to chose a Pope in the mould of the late John Paul, the former Archbishop of Venice, who was theologically a conservative but who in his brief pontificate won an enormous sympathy because of his simplicity and his pastoral vocation. While the choice may be a difficult one, the actual issues facing the Church have not changed in the past month.

This has emerged in the declarations of several Cardinals who have called for the need of a pastoral leader for the Church.

Among the possible outsiders the names of the Benedictine Basil Cardinal Hume, the Archbishop of Westminster, and Eduardo Cardinal Pironio, an Argentine of Italian extraction, have been mentioned.

Lebanese troops in Beirut buffer zone

By Ihsan Hijazi

BEIRUT, Oct. 13.

UNITS OF the Lebanese army today moved into two suburbs of Beirut and set up a buffer zone between Syrian troops and the Christian militias.

About 1,000 soldiers equipped with armoured cars and artillery established themselves at Al Hadass and Baabda, two areas which recently witnessed some heavy clashes between the Syrians and the Maronites.

Syrian forces retained their outposts at the edges of the two suburbs. The Lebanese will keep control of the road leading to the Presidential Palace at Baabda where President Elias Sarkis maintains his office and residence.

The Lebanese army has a nominal strength of 7,000 men but has been ineffective as a force since it split between Christian and Moslem during the civil war. Earlier this year a Lebanese army force failed to take over positions from Christian militiamen on the border with Israel.

A Lebanese military spokesman said the deployment of the troops is only the first phase of a new security plan laid down by Mr. Sarkis. He did not disclose the other stages or when they will be put into effect.

Informed sources said the plan provides for Lebanese army units to move into positions at the two strategic Karantina and Naher bridges at the north-eastern entrance to the capital to establish another buffer between the Syrians and the Militias.

The final security plan is expected to emerge after the meeting here on Sunday by the foreign ministers of Syria, Saudi Arabia, Kuwait, United Arab Emirates, the Sudan and Qatar. These states contribute either troops or money to the Arab peace-keeping force which was sent here two years ago to end the civil war.

The meeting, which will be headed by President Sarkis, is to be held at the palace at Beiteddin in the mountains some 20 miles south-east of Beirut.

Reuter reports from Tel Aviv: Mr. Ariel Sharon, the Israeli Agriculture Minister said today that after a three-month freeze on new Jewish settlements in the occupied territories Israel must strengthen existing outposts and build new settlements around Jerusalem.

Mr. Sharon told Israel radio that the number of Israeli settlers in the occupied Syrian Golan Heights should be increased soon from 4,500 to 10,000, and the Camp David agreements would only be significant if the Government carried out its plan for widespread settlements in occupied territories.

Swedish cabinet to be named next week

BY WILLIAM DULLFORCE

STOCKHOLM, Oct. 13.

MR. OLA ULLSTEN, the Liberal leader, became Sweden's new Prime Minister today with only 39 parliamentary votes from his own party in his favour. In the 349-member Riksdag (parliament) the Moderates (Conservative) and Communists voted against him but the abstention of the Social Democrats and Centre Party won him the job.

Under the Swedish constitution a Prime Minister is appointed if there is no majority against him in the Riksdag. Mr. Ullsten will present his single-party cabinet to the Riksdag next Wednesday. It is expected to include a number of outsiders without formal links to any political party.

Mr. Ullsten's appointment ends the government crisis, which started last week with the collapse after only two years in office of the first non-socialist government Sweden has had for 44 years. His task will be to run the country until the next general election due in September, when, to judge by current opinion polls, the way is open for the return to power of Mr. Olof Palme and his Social Democrats.

Mr. Ullsten has neither the finger-tip political touch of Mr. Palme nor the more folksy, popular appeal of his immediate predecessor, Mr. Thorbjoern Faelldin. He belongs to the Riksdag's second smallest party, which he has led for only seven months.

But at his first press conference as premier this afternoon he stressed that his Liberal government intended to play more than a caretaker role. It would try to put together parliamentary majorities for action against unemployment, reinforcement of the economy and an energy programme which would include "tighter control" over nuclear power plants.

Chance has played a large role in the political career of Sweden's new Premier. This year alone the surprise resignation of his predecessor, Mr. Per Ahlmark, brought him to the leadersip of the Liberal party just in time to take advantage of the equally unexpected resignation of Mr. Faelldin from the Premiership.

Having joined the Liberal party in the late 1950s, only a few postal votes kept him in the Riksdag, in the 1967 election. In the 1973 election he lost his seat but got it back when the Social - Democrat government sent the man above him on the Liberal list abroad as an ambassador.

Ola Ullsten

The new Premier is regarded as belonging to the left-wing of his party but its young hawks feel he has been pulled to the right by the demands of leadership. He has reputation as a hard worker, with a practical no-nonsense approach to business and political prudence.

In the previous coalition government he was responsible for foreign aid and immigration. His television appearances showed that he read his briefs and was unlikely to be caught out on matters of detail. Last year he handled an awkward terrorist case with both firmness and political deftness.

His party is at the moment in decline. In the 1950s and early 1960s it was second only to the Social Democrats. The 11 per cent of the votes it polled in the 1976 election represented a recovery but still left it far distanced by the Centre Party and the Moderates.

It has two main roots—in intellectual, urban liberalism and in the free church and temperance movements. The former pulled it towards co-operation with the Social Democrats, the latter is strongly anti-socialist.

The Liberals campaign strongly for women's rights, grassroots democracy and a shorter working week for parents with young children. They have tried to re-introduce the home doctor to the Swedish health system and want to stop the trade unions from registering their members collectively in the Social-Democrat party.

Dutch work on China harbour deal

By Charles Batchelor

AMSTERDAM, Oct. 13.

A CONSORTIUM of four Dutch construction companies expect shortly to sign a contract worth around Fl4bn ($1.98bn) to carry out harbour works in China. The companies involved are Bos Kalis Westminster, Hollandsche Beton Group, Adriaan Volker and Stevin. The specialist shipbuilding group, IHC, is expected to supply dredging equipment.

Complete details of the contract are not yet available but it is thought to involve work on the mouth of the Yangtse Kiang River to improve access to Shanghai and Nanking.

This is the first major contract booked by Dutch construction companies in China.

The order is the result of a recent visit to China by a trade mission organised by the Dutch Centre for Trade Promotion (NCH) and the Ministry of Transport and Waterways.

A senior official from the trade centre is expected to go to China next week to carry out further talks, including a discussion of the financing of the deal. The Engineering Consultants Office for Foreign Projects (NEDECO) will carry out the design work.

Giscard call for action on jobs

BY DAVID WHITE

PARIS, Oct. 13.

THE FRENCH President Valery Giscard d'Estaing, in compliance with his own special code of political etiquette, has sent an open letter to Prime Minister Raymond Barre reminding him of the priorities by which he expects the Government to be guided.

The letter, addressed to "my dear Prime Minister," refers back to a similar missive published after the Government's election victory in March, when the President sent M. Barre off in search of economic development, more justice, and more responsibility for local authorities.

Economic recovery topped the priority list for the following six months the President now says. The main elements in this, he says, are making French goods more competitive and cutting back on inflation. Economic policy, he added, should always bear in mind the aim of reducing social inequality.

At the same time, the Government should concern itself with transitional employment problems and expedite the funds which have been pledged for the worst-hit sectors, in particular coming to the aid of the steel-making regions of Lorraine and northern France.

The third element in M. Giscard's exhortations involved crime and the introduction of new preventive measures. The letter closed with an evocation of "the future of France" which the President wanted to figure as the guiding "obsession" of his Ministers.

M. Barre has meanwhile invited parties on both sides of the House to talk on reforms in France's electoral system. On the Opposition side, the Socialist Party and the left-wing Radical Party both accepted despite a firm refusal from the Communists.

The discussions will centre on three proposals put forward by the President—limitations on the plurality of elected posts, proportional representation in local elections in big towns and new campaign funding laws.

Reuter reports from Paris: M. Robert Boulin the French Labour Minister said today in Nantes that the Government will soon publish a plan to aid the shipbuilding industry. The plan is intended to resolve the social and economic problems at present affecting the industry, but the Minister gave no details. The industry is hard-hit by over-capacity in the face of competition from Japan and South Korea. Several yards plan largescale layoffs.

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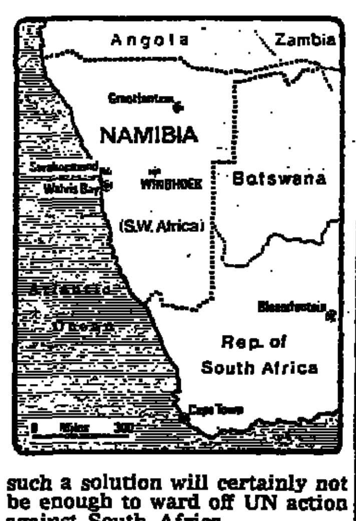
THE NAMIBIA TALKS

Two perceptions of reality

BY QUENTIN PEEL IN WINDHOEK



AS THE Foreign Ministers of the five western member states of the UN Security Council prepare to visit South Africa to try and avert a direct confrontation between the Pretoria regime and the UN over the future of Namibia (South West Africa), preparations for unilateral elections here are already well advanced.

A team of up to 500 electoral officials has covered the huge and sparsely populated territory registering voters, and so far claim to have done so for more than 88 per cent of the number they first estimated would be eligible—some 392,000 out of an estimated 443,000.

Battle lines have been drawn between the political parties: three, all to the political right of centre, have declared their intention of taking part, and three, to the centre and left, have announced their decision to boycott the poll. However, officials are generally confident of achieving a respectable turnout, in spite of the boycotts.

It is this entire exercise, launched without any international supervision, which the western ministers are hoping to head off in their talks in Pretoria with the South African Government. It threatens not only to abort 18 months of painstaking negotiations for a peaceful settlement in the territory, but also to precipitate well-nigh irresistible demands at the UN for punitive sanctions against South Africa.

The impending arrival of the western ministers, including Mr. Cyrus Vance, the U.S. Secretary of State, Dr. David Owen, the British Foreign Secretary, the Foreign Ministers of Canada and West Germany, and the Secretary of State for Foreign Affairs of France, constitutes possibly the most high-powered combined delegation ever to visit the region. It provides an unmistakable demonstration, if one were needed, of the growing western concern about the deteriorating situation in Southern Africa, and especially about the increasing possibility of South Africa itself abandoning attempts at accommodation, and setting for a final confrontation with black Africa. Observers here fear, however, that the mission could be no more than a demonstration, and produce no tangible results.

Dr. David Owen, the British Foreign Secretary, said in London yesterday that there is a slim chance of persuading South Africa to abandon its internal elections in Namibia, Mark Webster reports. Speaking before flying to Namibia for weekend talks with local politicians, he said it would be wrong to be optimistic but he felt he could still persuade South Africa to change its mind over the elections because it was in Pretoria's own interest. He felt the gap between the South African Government and the UN proposals for the territory—rejected by Pretoria—were not very great.

That the Southern Africa issue has come to a head over the future of mineral-rich Namibia, with a low-level guerrilla war on its northern border, rather than over the high-profile conflict in Rhodesia, is significant. The fact that South Africa governs the territory under a mandate from the former League of Nations immediately places its actions there in the international arena. Any supposedly hostile act runs a very early danger of inviting UN sanctions, with drastic consequences from the extensive western economic interests in South Africa itself. But at the same time it is Namibia, rather than Rhodesia, which has offered the one prospect of achieving a peaceful accommodation between the black and white communities in Southern Africa, along the lines of the western peace plan for the territory. That plan, for a ceasefire and free elections, might then have been used as a model for progress towards some accommodation both in Rhodesia itself, and ultimately even in South Africa.

The western ministers have until a Security Council meeting on October 23 to persuade the South African Government to change its mind on the elections and revert to the UN plan, which would provide for substantial UN supervision, as well as the installation of a peacekeeping force of up to 7,500 men. Their chances of success depend on their powers of persuading South Africa that the dangers of confrontation outweigh the benefits of going it alone in the territory.

Observers in Pretoria and Windhoek are virtually unanimous in their belief that South Africa is now totally committed to its elections in December. Although the overt reasons for going it alone were practical—an objection to the number of UN troops, the lack of consultation, and the postponement of elections until next year—the underlying reasons are seen as far more fundamental. They include a basic mistrust of the UN, especially considering its traditional support for the South West Africa People's Organisation (SWAPO) whose guerrillas are fighting South African troops on the northern border, as well as a loss of faith in the western powers. "Rightly or wrongly, South Africa believes she has been taken for a ride every time (in the negotiations)," according to one senior South African official. When faced with pressure at the UN or from the African lobby, "the west buckles under," he said. Even more fundamentally, the South African school of thought which argues that SWAPO must never be given a chance to win power in Namibia, appears to be in the ascendancy over the more pragmatic school, which suggests rather that South Africa's economic power would ensure an accommodation even with a radical regime. South African officials never believed that SWAPO would be prepared to take part in free elections. Its agreement to do so, under the UN plan, may have helped precipitate South Africa's decision to reject the plan.

Western diplomats place their faith in the continuing South African insistence that "the door is still open" for further negotiations. The Pretoria regime has made it clear that this means that whatever assembly is elected in the December poll will be free to choose whether or not to revert to the UN plan, or press ahead towards an unrecognised independence. The foreign ministers are likely to make it clear that such a solution will certainly not be enough to ward off UN action against South Africa.

With South Africa adamant that it will press ahead with its election, the area for compromise would have to concentrate on the ultimate status and decisions of the Elected Assembly.

The Ministers are likely to press for a firm and public commitment from South Africa to revert to the UN plan immediately after the December elections. Without such a commitment, it is extremely unlikely that they could ward off the sanctions threat, although they would clearly oppose anything more than selective sanctions. On the other hand the South Africans will be under pressure from the political parties closest to them inside the territory—the Democratic Turnhalle Alliance and Aktur—not to make any such advance commitment.

The problem remains that the South African Government and the Western powers have radically different perceptions of political realities, both within Southern Africa and internationally. Moreover, the South Africans see a clear divergence of interests.

"Maybe we are intransigent," a senior official says, "but if we went along with the Western plans, and something went wrong, we would have to live with the consequences. The Western powers would not. South Africa has to look after its own interests." Those interests, of course, include very substantial defence and economic investments in Namibia.

HOME NEWS

Mortgages expected to stay at 9¾% until end of year

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

MORTGAGE rates are likely to stay at 9¾ per cent for the rest of the year. That was the good news yesterday from the Building Societies Association which reported net receipts were up to £346m last month.

Mr Norman Griggs, the association's secretary general, said that the improving trend in building society receipts, up from just £147m net in June and £200m for the last two months, was expected to continue through the autumn.

As investors returned to the societies, the summer-long run-down in cash reserves will slow slow and, rates paid to investors and charged to home buyers, "seem likely to remain unchanged during the months immediately ahead."

Last month's figures show that investors put £1.4bn into the societies while withdwrawals took £1.05bn, giving net receipts of £346m.

Interest credited on depositors' accounts contributed £115m and £300m was received from mortgage repayments. From that the societies lent £995m to home buyers in the month and a further £714m was promised. This takes forward mortgage commitments to £1.76bn.

Mr. Griggs pointed to the consistency of mortgage commitments in recent months in spite of the previous low levels of investment receipts and the societies' efforts to "damp down the rise in house prices," partially by diverting about one-seventh of home loans to home improve-

Ministry launches wine label probe

BY COLLEEN TOOMEY

A FULL-SCALE investigation into alleged relabelling of blended wine for selling as an expensive, quality product, has been started by the Ministry of Agriculture, Fisheries and Food. The investigations involve a wine shipping company, Mason Cattley, after a "tip-off" by an ex-employee.

Mr. Rex Read, a director of Mason Cattley, refused to discuss a statement by a fellow director, Mr. Paul Bohane, and published in a national newspaper.

Mr. Read said: "We are obviously taking legal advice, and will be notifying the Press and all our customers. Until then I cannot comment."

The Ministry said yesterday: "The extent of relabelling may come to light only after a number of further investigations in the next few months."

Mason Cattley, a privately-owned wine shipping company established in 1840 with offices in Pennington Street, Stepney sells to supermarkets, wine stores, and cash-and-carry warehouses throughout the UK.

The Wine Standards Board, which inspects wine and shipping merchants and wholesalers' stock sheets every one or two years depending on the volume of their trade, passed on information relating to Mason Cattley at least two weeks ago to the Ministry.

Since the Wine Standards Board, an agency of the Ministry, was set up five years ago, it has known only six cases of relabelling. It is, with local authorities and the Ministry, investigating a number of other cases.

Four of the six cases resulted in prosecutions by local authorities under the Trades Descriptions Act, including the case made against Averys of Bristol, which relabelled bottles of Hirondelle as "Tyrolea Riesling."

Two others resulted in charges brought by the Ministry of Agriculture—the Barrett case, which the Ministry lost in August, and another this year against Southard and Co., in which two directors pleaded guilty to charges of relabelling.

The Board, which has nine inspectors enpowered to visit the 1,000 bottling plants and wholesalers to check that records are in accordance with EEC rules and regulations has yet to uncover a deception case through its own policing operations.

So far, all relabelling cases have been discovered either through an "inside tip-off" or through a consumer complaint.

Mr Norman Dixon, secretary of the Board, said that he was content with the role and powers given to the Board. Some wine merchants, however, regard it as having no muscle.

The Ministry of Agriculture, which has a dozen investigators, added that the Wine Standards Board was working "as well as we would expect.

"They have been responsible for following up many complaints," the Ministry said yesterday, although it would not elaborate on the Mason Cattley investigation now under way.

Name change order for Peat in France

BY TIM DICKSON

THE INTERNATIONAL accounting firm Peat, Marwick and Mitchell has been compelled to change its name of operation in France, where it practises under its international name.

Other non-national firms are being forced to follow suit by the Ordre des Experts Comptables, the body which controls accountancy in France. This follows a decision by the Ordre which prohibits non-French firms from using their international names there.

The development is also important for firms with offices elsewhere in Europe and signifies the increasing opposition of some countries to the big international accountants.

To meet French regulations, Peat Marwick has formed a company called Audit Continental, which effectively will be owned by the previous resident audit partners in Paris and Lyon.

As from Monday, the new company will act as "correspondent" of the United States, UK and other world-wide partnerships of Peat Marwick and Mitchell.

This means that Audit Continental will be able to use its parent's name on correspondence and reports, while access to the firm's world-wide training, professional practice and other resources will remain.

The change, however, will result in significant independence of the new company's legal structure and decision-making responsibilities.

Peat's said in London that the move would make little difference to business.

Tax and consulting services are not affected, the firm's Continental headquarters in Paris will remain, while "the same auditing and professional standards, including quality-control procedures will, of course, be applied by Audit Continental."

Ezra stresses mining's need for investment

BY SUE CAMERON

THE National Coal Board is trying to safeguard future energy supplies by investing in real terms 10 times as much in mining projects each year as it did before the 1973 oil crisis, Sir Derek Ezra, chairman of the Board, said yesterday.

Sir Derek, speaking at the Prince of Wales colliery in Yorkshire, said "This year and every year for as far as we can foresee," the board would need to invest £500m, in the industry at present day prices.

This "huge" investment was needed to keep up capacity as older coal measures were worked out and to expand production in the future.

Coal would have to start replacing oil well before the end of this century, he said. This was because oil supplies would pass their peak before the year 2000, and natural gas supplies could start to decline soon after.

"I know of no other industry which has to invest so heavily today, mainly in the interest of the national economy and without any possibility of getting a return on its capital for at least 10 years.

"The risk to the country's future energy supplies, if we did not do this, would be considerable. That is why we must maintain a high level of investment in coal, even though current demand in certain sectors, such as steel, is at a low ebb."

Investment in major mining projects had risen from £14m in 1972 (at 1977 prices) to an estimated £140m in 197. The Board's overall plan for coal would provide 20m tonnes a year of additional capacity from existing pits and another 20m tonnes from new mining projects.

The recent improvements in colliery performances—sustained over six months for the first time in four years—had to continue if the industry were to go on paying its way and financing its own investments in the future.

Colliery output for the six months from April to September this year had been 48.7m tonnes—just below the level for the same period last year. But this year there had been 4,500 fewer mineworkers than last year—mainly because of the lowering of the voluntary early retirement age.

● The European Commission said yesterday that it had approved a £13m loan to the Coal Board to help finance 13 projects.

Tanker oil spillage inquiry ordered

BY PAUL TAYLOR

A PRELIMINARY inquiry into the cause of the Christos Bitas tanker oil spillage incident off Milford Haven was ordered by the Department of Trade last night. Government Ministers and Department officials are preparing themselves for more questions on Britain's anti-pollution measures.

Five spraying vessels began fighting a ten by six mile oil slick eight miles off the Welsh coast, and two lighter tankers were on their way to the scene to begin unloading the tanker's cargo of 35,000 tonnes of Iranian heavy crude, and lessen the chance of the Christos Bitas sinking.

Earlier in the day 19 of the tanker's 32 crew members were taken off by lifeboat after the captain had reported that the vessel was listing badly. The 58,000-ton tanker, owned by the Greek Zepher Shipping company and on charter to British Petroleum, was en route from Rotterdam to Belfast when it struck The Smalls rocks about ten miles from Milford Haven.

After the vessel was refloated it appears that the captain decided to take her further out to sea, either to reduce the risk of pollution or in an attempt to reach Belfast. He later reported that oil had begun to leak from two of the tanker's fractured tanks.

After the Eleni V tanker incident off the Norfolk coast in May, which lead to widespread criticism of the Department of Trade's handling of the affair, officials were clearly choosing their words carefully last night.

However, it appears that there are two main questions which the preliminary inquiry will attempt to answer, first, how the tanker came to be so close to rocks, and, second, why there was an apparent delay in the captain's answering a request from the Department to stop when the oil began leaking.

Last night Captain Ray Newbury, regional principal officer for the Department of Trade, the man who was in charge of the anti-pollution operation said that the tanker was "clearly not on course."

It was difficult to judge whether the ship was "cutting corners," but she was "certainly rather closer to the land than most prudent navigators would wish to be."

The inquiry, which is expected to produce an internal report, will also look at what happened after the tanker was refloated from the rocks. Under international convention, the Government could have insisted that the tanker be towed into port. However, it appears that local Department of Trade officials accepted the captain's assurance that the oil was not leaking, and agreed to his suggestion that the vessel should sail further out to sea.

Had the Department intervened and taken control of the tanker, the Government would have become responsible for the vessel and for any pollution caused. The Department confirmed last night that when the captain finally reported the oil leak he was asked to stop the vessel, but that there was a "considerable" delay. It is understood that this delay may have been as long as one hour.

An incident room to deal with pollution was set up yesterday at St. Anne's Head coastguard station. BP officials were put aboard the tanker, and were expected to provide Mr. Clinton Davis, Parliamentary Under-Secretary at the Department of Trade, with a report of the situation.

After flying over the area, Mr. John Morris, Welsh Secretary, said that he was confident the pollution threat could be contained. A further 12 spraying vessels are expected to arrive today as are salvage tugs.

More stand-by tugs sought

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

THE GROUP organising the salvage of the Christos Bitas yesterday called for compilation, as part of the fight against marine pollution, of a list of ports obliged to grant access to ships crippled by accident.

Mr. Tony Wilbraham, newly-elected president of the International Salvage Union and also chairman of the North British Maritime Group, said that it was becoming extremely difficult to find ports willing to accept stricken tankers.

In one recent case a damaged 200,000 dwt tanker had to be towed from the South African coast to Rotterdam before port authorities could be found to allow it to dock for repairs and removal of cargo.

The salvage union, which has just completed an appraisal of policy at a meeting in Vienna, is also concerned about the scarcity of stand-by tugs for use in the event of accidents.

Mr. Wilbraham said that, because of pressures on mareins salvors had been forced to withdraw standby facilities almost completely, and so far most governments had refused to finance alternative facilities.

The UK Government, in a report on the Eleni V and Amoco Cadiz tanker spills, specifically rejected such spending. France, however, has recently stationed a tug at Brest.

According to Mr. Wilbraham, the salvage industry's earnings have declined in recent years partly because of the refusal of shipowners to provide salvage security for their cargoes.

Where the spillage of cargo involves pollution, this can result in salvage men spending time and resources on preventing cargo leakage without any guarantee of payment for their work.

Aycliffe looks for Scottish recruits

AYCLIFFE, Co. Durham, a new town, will seek skilled workers in high unemployment areas in the West of Scotland. This indicates the shortage of skilled workers even in the North-East, where unemployment is about 8 per cent.

About 50 boilermakers, toolmakers, maintenance fitters, electricians, engineers and other craftsmen are sought.

The search, centring on Clydebank, will try to find a pool of about 200 more willing to move soon. Housing tenancies will be offered as an incentive, with a possible £500 transfer allowance, removal expenses paid and a settling-in allowance.

Unemployment in Aycliffe is low. Not enough skilled men are trained to keep pace with industrial growth or the 15 per cent natural wastage among crafts men.

Nurses to meet Ennals

A DELEGATION from the Royal College of Nursing, led by Miss Sheila Quinn, its council chairman is to meet Mr. David Ennals Social Services Secretary, on October 30 to discuss the fears of professional nurses about the health service.

The meeting results from an emergency resolution passed by the college's representative body at Harrogate in June, when the *Minister "failed to convince the* members of the college of his appreciation of the extent of the problems existing in the NHS."

The picture "Dropped from the Nest" (detail above) painted by Sir John Millais in 1883, sold for £35,000 at Christie's yesterday, an auction record price for this increasingly popular Victorian artist. The anonymous purchaser will also have to pay £3,500 in buyer's premium.

The previous best for a Millais was 30,000 guineas at Christie's in July 1972, when oddly enough "Dropped from the Nest" also came up for sale and made £6,825. It had changed hands once before at Christie's, for 1,200 guineas in 1893.

The sale of Victorian pictures totalled £347,950. Other high prices were the £22,000 for *"Liverpool from Wapping"* by Atkinson Grimshaw; £10,000 from the Leger Galleries for "Sabrina" by William Edward Frost; and £9,500 for Charles Spencelayh's "He's worth framing."

Trade deficit worse by £130m

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE VISIBLE trade deficit deteriorated by £130m during the July to September quarter, notably because of a reduction in exports of precious stones *from an erratically high second* quarter level.

Total exports rose by 4½ per cent in value during the quarter, compared with a 6 per cent increase in imports over the same period.

The volume increases were 3½ and 6 per cent respectively *on a quarterly basis, though* once the more erratic items are excluded, the export volume increase is shown as 5½ per cent against a 7½ per cent rise for imports.

The appreciation of sterling has boosted the terms of trade index—the ratio of export to *import prices—by 1 per cent* following a 2½ per cent increase in export unit values.

BALANCE OF TRADE

		Exports £m seasonally adjusted	Imports £m seasonally adjusted	Exports Volume seasonally adjusted 1975=100	Imports Volume seasonally adjusted 1975=100	Terms of trade *Unadjusted 1975=100	Oil balance £m.
1976		25,424	29,013	109.8	105.7	99.3	−3,973
1977		32,182	33,891	118.9	107.1	100.7	−2,804
1976	1st	5,654	6,204	106.2	100.2	100.8	−947
	2nd	6,160	7,109	109.7	106.3	98.8	−968
	3rd.	6,513	7,645	110.1	109.0	96.6	−1,058
	4th	7,097	8,055	113.4	107.1	98.2	−1,000
1977	1st	7,512	8,485	115.8	109.4	98.9	−800
	2nd	7,927	8,689	118.0	109.6	100.3	−745
	3rd	8,556	8,525	124.4	106.6	101.0	−602
	4th	8,187	8,192	117.6	102.7	102.4	−657
1978	1st	8,410	9,022	119.9	114.1	104.9	−646
	2nd	8,759	8,894	122.2	109.6	104.5	−420
	3rd	9,152	9,421	126.2	116.0	105.3	−509
1978	March	2,817	3,109	120.9	116.7	104.7	−209
	April	2,990	2,798	125.7	103.7	104.1	−149
	May	2,854	3,081	119.2	113.8	105.2	−155
	June	2,915	3,015	121.6	111.3	104.2	−116
	July	3,048	3,180	127.0	115.8	104.5	−229
	August	3,020	2,963	124.9	111.4	105.7	−104
	September	3,084	3,278	126.7	120.9	105.6	−176

* The ratio of export prices to import prices. Source: Department of Trade

Express wins first round of 'Star' legal fight

THE FIRST round of a legal battle to stop Express Newspapers giving its new daily newspaper the title the Daily Star ended in defeat yesterday for the Morning Star.

The publishers of the Communist daily, the Morning Star Co-operative Society, claimed that there would be confusion among the buying public if a new newspaper appeared with the name "Star."

Mr. Justice Foster refused to grant a temporary injunction against Express Newspapers, which plans to start publication of the Daily Star on November 2.

He will give reasons for his decision at a later date.

Mr Christopher Myant, assistant editor of the Morning Star, who was in court to hear the judge's decision, said afterwards: "Naturally I am disappointed that we did not get the injunction."

The Morning Star had claimed that confusion between the two newspapers would lead to a loss of Morning Star sales which might prove critical.

Express Newspapers said that it chose the name Daily Star because it conveyed the impression of a popular, lively, brash, exciting newspaper, which the new daily would be.

Anglo-French Airbus talks deadlocked

BRITAIN AND France are no nearer agreement on the terms for the entry of British Aerospace into the Airbus Industrie consortium.

Industry Department officials flew back to London yesterday after talks with officials in Paris. But both sides still appear to be deadlocked on the question of whether Britain should have the right to veto decisions affecting the proposed A310 version of the Airbus.

Airport grows

A £3m expansion plan for Newcastle airport, announced yesterday, will double the capacity of the main terminal by the early 1990s.

Inland Revenue blow to options market in gains tax ruling

BY JAMES BARTHOLOMEW

THE INLAND REVENUE has ruled that investing institutions normally exempt from capital gains Tax are not exempt when dealing in options.

The ruling is a blow to the young Trade Options Market, but Mr. Peter Stevens, chairman of the Stock Exchange Option Committee, said yesterday that he still believed that the law would be changed.

The rules on taxation of both institutions and individuals dealing in options were "inequitable." His committee would make a full submission on the whole "area" to the Board of the Inland Revenue in a month or so.

He hoped to persuade the Inland Revenue, the Treasury and "the politicians" that the law should be changed.

The law concerning exempt funds, such as pension funds, could be changed by an extra-statutory instrument, but the other relevant laws would have to be changed through a Finance Act.

The Board's interpretation of the law as it stands is that institutions like pension funds are exempt from capital gains tax only when dealing in "investments."

"Options granted or sold, whether traded or of the ordinary three-month type, and whether covered or uncovered, are not capable of being regarded as investments," it says.

The Traded Options Market would be held back by this ruling, but would easily survive it, said Mr Stevens. Pension funds would be discouraged from using the market, but would continue to deal in a limited way.

The ruling was not altogether unexpected

New Ariel chief hopes to cure its problems

BY JAMES BARTHOLOMEW

A new managing director has been appointed to Ariel, the computerised share dealing system used by institutions.

He is Mr. Garry Arnott, who will continue to be a financial consultant for N. M Rothschild. He hopes to overcome some of the fundamental problems of Ariel which have stopped it being a total success.

"Dealers simply do not like using a computer terminal," said Mr. Arnott yesterday. He wanted to adjust the system so that dealers could use the telephone or some other acceptable method instead.

He hoped that a way could be found to enable institutions to take on the role of market makers (jobbers), which are lacking in the Ariel system. This could be successful only, if stamp duty was not payable by the market makers, just as it was not payable by jobbers in the London Stock Exchange.

He would attempt to persuade the Bank of England to allow gilt-edged securities to be dealt on the system, something they had resolutely refused to do until now.

Ariel made an operating profit of £104,000 in 1977-78, compared with a loss of £87,000 the year before. Turnover rose to £100m from £84m. This turnover represents about ½ per cent of that in the Stock Exchange.

Hua visits Pye

Mr. Huang Hua, China's Foreign Affairs Minister, visited Pye Telecommunications, the Cambridge headquarters of the International communications company, yesterday.

Wang accepts

MR. WANG CHEN, Vice-Premier of China has accepted an invitation to visit the UK from November 6-16.

Butlins faces price probe

BY COLLEEN TOOMEY

BUTLINS, Britain's largest holiday centre group and part of the Rank Organisation yesterday became the latest company to be investigated by the Price Commission.

The company wants to increase its prices by an overall weighted average of 15.17 per cent which, it claims, would be in line with increases proposed by its competitors.

A family of four staying at one of Butlin's eight main holiday centres at Ayr, Barry Island, Bognor Regis, Clacton, Filey, Minehead, Pwllheli or Skegness, now pay about £94 a week.

The proposed increases would vary over the range of services provided, but on an "all-in" basis during the peak period a family of two adults and two children would have to pay an extra £25 or £30. During the low season, the comparable increase would be about £15

The company said that the rise resulted from raising the pay of its 20,000 seasonal staff from a minimum £33.85 a week to £40.40.

Another factor is that from next year Butlins holidaymakers will have an automatic insurance cover in their holiday package.

"We are in a highly competitive business," Butlins said. "It is in our interest to keep prices at a minimum."

An interim increase will be announced next week subject to the commission's approval, but a surcharge may be necessary because the investigations are not due to be completed until January 19. The inquiry is being carried out under section 4 of the Price Commission Act, 1977.

Last year, Butlins had more than 1m holidaymakers at its main centres—2.5 per cent of the total 37.5m people in Britain who went on holiday.

Butlins says that prospects look gloomy if the inquiry does not go in its favour.

"We shall be forced to lay off some of our seasonal staff, and will have to cut our services—most probably entertainment."

Butlins, which includes eight main centres, 18 small holiday centres, nine of which are in France, and four hotels in Britain, made a pre-tax profit of £7.68m on turnover of £47.77m last year.

Winter trading shows uninspiring performance with 9.1% increase

INDUSTRIAL COMPANIES with financial years ending during the winter months showed an overall uninspiring performance with trading profits up by only 9.1 per cent, confirmation of the trend already established in our interim report in July. Both surveys cover companies whose year ends fall between October and January.

Net return on capital remains flat with the 17.4 per cent unchanged on the previous year.

But again there was wide variation between the best performers (distilleries and wines and office equipment) and the worst (radio and TV and household goods).

Because of the often small samples in individual sectors, overall performance can be strongly affected by the results of a single company. So when we last reported on the companies whose financial years ended in the period between October 15 last year and January 14, only one company had reported in the distilleries and wines sector. Since then two other large companies have reported in the sector and this has placed them at the top of the league.

Office equipment, by contrast, has had no further companies' report since our last survey and has lost its number one position.

The addition of two other companies' reports in the distilleries and wines sector, shows a more representative trend. Return on capital is up over 7 percentage points on the year while trading profits rose an impressive 38.5 per cent.

At the other end of the scale, electronics, radio and TV showed a drop of over 5 percentage points in net capital employed, and a 13.8 per cent fall in trading profits. There was little sign of any consumer boom in both consumer durables and non-durables.

In spite of the sluggish growth in trading profits overall, industrial cash flow rose by 22 per cent year on year. Overall net current assets have risen by 13.7 per cent.

TREND OF INDUSTRIAL PROFITS

ANALYSIS OF 635 COMPANIES

The Financial Times gives below the table of company profits and balance-sheet analysis. This covers the results (with the preceding year's comparison in brackets) of 635 companies whose account year ended in the period between October 15, 1977, and January 14, 1978, which published their reports up to the end of September, 1978. (Figures in £000.)

INDUSTRY	No. of Cos.	Trading Profits (1)	% change	Profits before Int. & Tax (2)	Pre-Tax Profits (3)	Tax (4)	Earned for Ordinary Dividends (5)	% change	Ord. dividends (6)	% change	Cash Flow (7)	Net Capital Employed (8)	Net Return on Cap % (9)	Net Current assets (10)
BUILDING MATERIALS	48	483,529.8 (446,466.1)	+8.5	359,400.9 (321,123.1)	306,541.6 (275,444.9)	129,816.4 (138,359.3)	165,331.4 (125,480.1)	+31.8	52,744.1 (43,500.4)	+21.2	221,795.8 (188,341.5)	2,128,860.5 (1,899,588.4)	16.9 (16.9)	638,096.7 (579,092.2)
CONTRACTING & CONSTRUCTION	36	342,203.4 (292,244.6)	+17.1	256,195.9 (213,930.9)	220,784.5 (162,257.1)	105,190.9 (88,819.7)	109,725.3 (79,709.6)	+37.7	16,705.2 (14,699.9)	+13.6	170,897.4 (131,792.2)	1,273,139.7 (1,113,488.4)	20.1 (19.2)	384,225.9 (339,257.2)
ELECTRICALS (EX ELECTRN. ETC.	7	97,964.1 (88,975.8)	+10.1	73,845.7 (65,469.9)	60,922.0 (52,106.1)	26,355.6 (25,431.1)	27,229.0 (19,163.3)	+42.1	12,406.4 (10,922.4)	+13.6	36,667.0 (29,889.6)	476,848.2 (433,688.2)	15.5 (15.1)	135,449.1 (149,443.2)
ENGINEERING	79	923,033.7 (888,573.9)	+3.9	740,220.5 (719,281.9)	615,346.7 (595,927.2)	239,246.2 (293,904.0)	351,697.9 (279,257.3)	+25.9	106,256.0 (83,894.9)	+26.7	403,971.2 (343,780.4)	4,588,071.7 (4,284,354.8)	16.1 (16.8)	1,881,455.2 (1,684,850.7)
MACHINE TOOLS	7	21,000.3 (17,756.8)	+18.3	16,773.4 (13,777.8)	14,191.0 (11,208.9)	5,703.8 (6,985.2)	8,310.3 (5,089.0)	+63.3	2,503.8 (1,897.8)	+31.9	9,212.1 (6,357.0)	94,143.9 (88,517.6)	17.8 (15.6)	55,281.9 (51,445.9)
MISC. CAPITAL GOODS	19	108,462.9 (108,635.1)	-0.2	86,493.0 (89,358.3)	74,920.7 (77,209.4)	35,716.0 (37,846.8)	34,907.3 (35,136.7)	-0.7	11,342.0 (9,824.9)	+15.4	41,436.0 (41,571.7)	471,724.7 (465,151.8)	18.3 (19.2)	231,876.8 (141,383.0)
TOTAL CAPITAL GOODS	196	1,975,994.2 (1,842,552.3)	+7.2	1,532,929.4 (1,422,941.9)	1,292,706.5 (1,172,156.6)	642,028.9 (591,346.1)	697,201.2 (543,836.0)	+28.2	201,957.5 (164,740.5)	+22.6	883,979.5 (741,732.4)	9,032,788.7 (8,284,788.1)	17.0 (17.2)	3,326,383.6 (2,945,472.2)
ELECTRONICS RADIO & TV	7	55,102.6 (65,904.5)	-13.8	43,075.8 (51,644.0)	39,417.7 (46,545.5)	15,507.9 (20,018.6)	23,437.1 (24,152.3)	-3.0	6,556.6 (5,225.2)	+25.1	28,132.5 (30,670.3)	225,938.1 (212,384.4)	19.1 (24.3)	112,616.6 (94,299.2)
HOUSEHOLD GOODS	21	46,017.4 (50,260.6)	-8.4	36,116.7 (39,983.1)	32,020.4 (36,134.9)	16,093.8 (17,331.4)	15,768.3 (18,460.3)	-14.6	6,037.4 (6,456.4)	-6.5	19,071.3 (20,747.8)	229,943.8 (216,481.1)	15.7 (18.5)	135,819.4 (130,205.3)
MOTORS & COMPONENTS	7	166,381.0 (181,174.2)	-8.2	120,448.3 (135,667.1)	85,584.5 (102,191.4)	37,531.6 (56,233.7)	34,944.3 (32,013.1)	+9.2	10,515.2 (10,213.7)	+3.0	62,479.3 (69,829.9)	971,965.6 (925,615.8)	12.4 (14.7)	386,928.4 (348,873.8)
MOTOR DISTRIBUTORS	21	95,361.7 (70,793.8)	+34.7	75,233.8 (52,370.0)	55,676.7 (36,051.5)	20,082.2 (18,219.5)	27,569.0 (17,152.6)	+60.7	8,596.2 (6,016.7)	+42.9	42,503.8 (23,201.1)	384,826.3 (326,659.4)	19.6 (16.0)	119,849.5 (82,831.0)
TOTAL CONSUMER DURABLES	56	362,862.7 (366,132.9)	-0.9	374,874.6 (279,664.2)	212,699.3 (219,925.3)	89,215.5 (111,803.2)	101,718.7 (91,778.3)	+10.8	31,685.3 (27,912.0)	+13.5	152,186.9 (144,449.1)	1,812,673.8 (1,681,140.7)	15.2 (16.6)	755,213.9 (656,209.3)
BREWERIES	1	3,398.0 (3,145.0)	+8.0	3,154.0 (2,967.0)	3,067.0 (2,906.0)	1,619.5 (1,550.0)	1,447.5 (1,356.0)	+6.7	589.0 (524.0)	+12.4	1,011.5 (919.0)	12,531.0 (11,194.0)	25.0 (26.5)	465.0 (1,206.0)
DISTILLERIES & WINES	3	4,971.0 (3,589.0)	+38.5	4,096.0 (2,708.0)	2,262.0 (578.0)	1,014.0 (496.0)	1,240.0 (81.0)	+1,451	425.0 (407.0)	+4.4	1,424.0 (274.0)	28,399.0 (37,047.0)	14.4 (7.3)	7,797.0 (8,843.0)
HOTELS & CATERERS	9	81,802.9 (63,994.7)	+27.6	65,755.4 (48,596.4)	45,690.7 (27,183.6)	14,444.3 (14,577.2)	29,701.7 (12,288.8)	+141.7	9,731.9 (8,489.8)	+14.6	34,693.0 (18,208.4)	511,895.9 (449,815.7)	12.8 (10.8)	14,885.3 (2,700.8)
LEISURE	15	143,445.7 (105,273.4)	+36.3	98,010.5 (69,366.4)	83,092.1 (56,189.2)	38,939.0 (30,334.6)	42,354.8 (24,873.6)	+70.3	11,442.8 (7,615.5)	+50.3	73,991.3 (51,257.7)	434,740.7 (355,269.2)	22.5 (19.5)	-35,183.2 (-32,386.9)
FOOD MANUFACTURING	13	630,958.6 (616,366.1)	+2.3	529,107.7 (521,009.1)	474,618.5 (471,027.1)	225,436.7 (256,988.6)	233,446.4 (205,550.3)	+13.6	55,929.3 (50,531.1)	+10.7	275,594.7 (245,955.5)	2,419,813.4 (2,111,216.2)	21.9 (24.7)	1,110,932.1 (928,363.3)
FOOD RETAILING	7	16,562.0 (18,010.5)	-8.0	12,306.7 (14,248.5)	11,258.0 (13,352.0)	4,445.6 (7,324.2)	6,700.9 (5,944.9)	+12.7	2,243.9 (1,603.3)	+40.0	7,368.7 (6,521.2)	70,371.7 (49,232.0)	17.5 (28.9)	15,159.5 (13,141.7)
NEWSPAPERS AND PUBLISHERS	22	125,185.5 (106,726.8)	+17.3	101,873.1 (86,484.1)	87,592.5 (72,600.8)	42,854.0 (37,890.6)	41,451.0 (31,473.8)	+31.7	11,728.3 (10,263.1)	+14.3	49,247.4 (38,443.7)	478,699.3 (431,126.7)	21.3 (20.1)	122,230.8 (96,077.1)
PACKAGING AND PAPER	10	93,019.0 (87,459.7)	+6.4	67,959.9 (59,171.8)	56,871.6 (46,350.8)	21,662.1 (23,358.8)	32,781.9 (22,405.5)	+46.3	10,765.1 (8,941.0)	+20.4	45,027.9 (35,700.2)	372,196.2 (334,466.8)	18.3 (17.7)	165,460.3 (156,134.0)
STORES	10	146,551.9 (126,010.5)	+16.3	128,304.6 (108,602.4)	115,877.9 (95,212.7)	62,144.6 (51,408.5)	53,567.1 (43,669.7)	+22.7	25,168.0 (23,291.4)	+8.1	44,137.6 (32,851.9)	713,418.3 (600,817.9)	18.0 (18.1)	180,271.8 (114,577.5)
CLOTHING AND FOOTWEAR	34	71,711.1 (63,599.4)	+12.8	57,677.2 (51,851.3)	51,270.8 (41,665.6)	20,891.3 (21,300.5)	29,089.7 (19,823.5)	+46.7	6,576.6 (5,931.5)	+10.9	32,524.1 (23,229.6)	257,385.2 (232,090.4)	22.4 (22.3)	134,169.3 (108,168.4)
TEXTILES	17	188,401.0 (169,871.7)	+10.9	156,790.9 (136,465.0)	128,411.2 (111,793.8)	53,091.4 (51,922.2)	68,228.5 (52,294.0)	+30.5	19,211.1 (16,347.5)	+17.5	81,747.3 (67,619.6)	843,468.4 (781,702.7)	18.5 (17.5)	458,901.4 (401,374.1)
TOBACCO	2	205,549.3 (201,345.8)	+2.0	173,064.4 (168,841.8)	129,935.1 (130,182.5)	28,389.1 (65,335.9)	101,230.0 (64,481.6)	+57.0	40,122.3 (35,874.9)	+11.8	92,771.0 (59,553.5)	1,326,514.2 (1,122,513.7)	13.0 (15.0)	388,725.1 (328,411.9)
TOYS AND GAMES	4	19,105.8 (17,609.9)	+8.5	16,333.0 (14,936.9)	12,354.8 (11,781.7)	2,856.4 (5,041.3)	9,439.9 (6,653.7)	+41.9	1,819.0 (1,608.1)	+13.1	16,450.5 (7,061.3)	59,017.4 (49,157.7)	27.7 (30.4)	30,029.6 (26,742.7)
TOTAL CONSUMER NON-DURABLE	145	1,730,471.6 (1,583,502.1)	+9.3	1,412,412.4 (1,285,246.7)	1,202,100.2 (1,082,803.7)	517,816.0 (547,530.4)	650,699.4 (490,896.4)	+32.5	195,752.3 (171,428.2)	+14.2	755,989.0 (587,595.6)	7,528,450.7 (6,565,648.0)	18.8 (19.6)	2,591,824.0 (2,153,408.6)
CHEMICALS	21	1,262,559.5 (1,155,567.4)	+9.2	893,498.4 (825,959.1)	754,601.8 (700,547.3)	305,279.7 (328,130.9)	419,898.8 (340,768.1)	+23.2	128,474.0 (111,445.6)	+15.3	562,367.4 (478,236.9)	5,065,425.3 (4,732,880.9)	17.6 (17.4)	1,955,282.8 (1,860,558.6)
OFFICE EQUIPMENT	8	228,084.2 (165,664.0)	+37.7	205,585.8 (141,703.9)	166,702.9 (105,467.0)	76,570.8 (55,124.0)	95,578.0 (56,617.8)	+68.8	17,947.5 (15,820.6)	+13.4	92,315.1 (57,191.3)	848,165.6 (806,345.7)	24.2 (17.6)	183,256.3 (182,344.1)
SHIPPING	10	317,748.0 (299,291.6)	+6.2	217,197.7 (207,790.0)	147,697.5 (139,954.8)	34,947.4 (52,029.7)	107,819.0 (83,641.5)	+28.9	27,744.0 (23,743.3)	+16.8	173,273.0 (144,982.7)	2,053,739.2 (1,919,655.2)	10.6 (10.8)	71,376.5 (95,548.1)
MISC. INDUSTRIAL	62	541,917.2 (470,528.5)	+15.2	429,672.3 (368,819.1)	345,785.8 (284,975.5)	159,638.4 (147,504.1)	165,083.3 (119,183.5)	+38.5	54,788.3 (41,895.7)	+30.8	210,642.1 (167,494.5)	2,274,742.6 (2,090,711.2)	18.9 (17.6)	694,963.2 (532,051.6)
TOTAL INDUSTRIALS	498	6,419,657.6 (5,886,758.8)	+9.1	4,966,170.6 (4,552,124.9)	4,122,294.0 (3,705,825.2)	1,723,496.7 (1,833,458.4)	2,237,998.4 (1,726,721.4)	+29.6	658,348.9 (556,986.7)	+18.2	2,850,755.0 (2,321,662.6)	28,615,985.3 (26,061,169.8)	17.4 (17.4)	9,578,280.3 (8,425,567.4)
OIL	7	4,543,805.7 (4,017,292.2)	+13.1	3,983,956.7 (3,626,461.5)	3,668,959.0 (3,270,191.8)	2,666,103.1 (2,564,982.0)	903,563.0 (669,897.6)	+34.9	175,993.0 (154,444.1)	+12.7	1,284,066.6 (1,000,297.6)	10,122,743.0 (9,551,679.9)	39.4 (36.9)	3,661,490.3 (3,568,963.5)
BANKS	6	1,119,836.0 (939,930.0)	+19.1	961,294.0 (798,527.0)	877,066.0 (730,361.0)	456,166.0 (385,020.0)	396,884.0 (321,334.0)	+23.5	84,460.0 (72,095.0)	+17.2	465,310.0 (385,296.0)	4,856,722.0 (4,231,447.0)	19.9 (18.9)	2,045,361.0 (1,711,182.0)
DISCOUNT HOUSES, MERCHANT BANKS etc.	1	33,687.0 (13,717.0)	+145.6	— (—)	— (—)	— (—)	-4,871.0 (-31,678.0)	+84.6	— (—)	— (—)	— (—)	*55,160.0 (*51,551.0)	— (—)	4,512.0 (-3,542.0)
HIRE PURCHASE	3	27,212.8 (25,202.5)	+8.0	26,234.3 (24,440.8)	12,779.8 (9,566.1)	7,001.1 (5,069.9)	5,706.7 (4,391.3)	+30.0	2,494.2 (2,162.3)	+15.3	3,838.5 (2,681.1)	195,022.7 (170,257.3)	14.2 (14.4)	62,628.0 (57,645.0)
INSURANCE	2	200,789.0 (147,468.0)	+36.2	— (—)	— (—)	— (—)	105,726.0 (81,361.0)	+29.9	37,732.0 (33,728.0)	+11.8	— (—)	2,968,035.0 (2,723,716.0)	— (—)	-71,431.0 (36,791.0)
INSURANCE BROKERS	6	146,418.0 (126,995.0)	+15.3	124,524.0 (106,555.0)	103,396.0 (85,534.0)	52,702.0 (44,599.0)	47,995.0 (38,210.0)	+25.6	13,716.0 (12,114.0)	+13.2	54,186.0 (44,015.0)	527,951.0 (429,404.0)	23.6 (24.8)	66,814.0 (74,823.0)
INVESTMENT TRUSTS	65	94,788.6 (83,325.8)	+13.8	93,675.7 (82,315.9)	75,544.7 (63,980.2)	23,853.1 (24,722.6)	44,981.2 (37,386.5)	+20.3	42,382.6 (35,516.4)	-19.3	8,314.9 (2,105.3)	1,779,166.8 (1,557,931.2)	5.3 (5.3)	32,250.0 (11,388.1)
PROPERTY	20	137,988.1 (157,381.2)	-12.3	133,393.5 (152,712.0)	35,111.1 (32,693.5)	12,720.6 (11,480.8)	15,983.8 (16,675.4)	-4.1	11,763.2 (10,143.2)	+16.0	6,159.1 (8,979.3)	1,756,436.2 (1,024,537.7)	7.6 (14.9)	-10,456.1 (-10,286.2)
MISC. FINANCIAL	9	25,263.6 (25,693.3)	-1.7	22,265.8 (22,412.4)	14,498.8 (9,743.0)	9,348.8 (7,401.3)	4,218.5 (1,392.6)	+202.9	2,484.7 (2,211.5)	+12.4	3,844.6 (1,642.2)	101,516.3 (117,547.9)	21.9 (19.1)	59,775.7 (17,055.7)
TOTAL FINANCIAL	111	1,786,035.1 (1,519,712.8)	+17.5	1,361,387.3 (1,186,963.1)	1,118,398.4 (932,567.6)	566,791.6 (478,295.0)	616,624.2 (469,172.7)	+31.4	195,022.7 (167,968.4)	+16.1	541,653.1 (444,718.9)	†12,154,850.0 (†10,254,841.1)	11.2 (11.6)	2,138,455.6 (1,895,004.6)
RUBBERS	7	41,342.2 (32,103.0)	+28.8	34,972.8 (27,191.1)	27,657.7 (19,197.2)	11,972.8 (11,433.7)	15,401.7 (6,669.9)	+130.2	6,361.1 (4,442.5)	+43.2	13,890.5 (7,700.5)	207,976.3 (219,023.3)	16.8 (12.4)	34,156.2 (25,083.4)
TEA	3	11,988.5 (5,787.2)	+107.2	11,498.4 (5,378.6)	11,165.4 (4,808.5)	7,338.1 (3,055.3)	3,776.5 (1,663.1)	+127.1	679.6 (413.6)	+64.3	3,463.6 (1,526.8)	20,100.6 (15,767.0)	57.2 (34.1)	3,878.1 (2,431.3)
TIN	3	5,565.5 (3,667.9)	+51.7	5,139.0 (3,156.4)	5,139.0 (3,156.4)	1,245.8 (1,028.4)	3,128.5 (1,681.4)	+86.1	680.5 (667.1)	+2.0	2,812.9 (1,471.7)	11,309.3 (10,950.3)	45.4 (28.8)	8,734.2 (7,722.0)
MISCELLANEOUS MINING	1	327.2 (369.1)	-11.4	299.3 (343.3)	283.5 (336.1)	102.2 (141.5)	181.3 (193.7)	-6.4	133.7 (127.3)	+5.0	51.1 (69.4)	2,712.3 (2,963.4)	11.0 (11.6)	-497.6 (-355.8)
OVERSEAS TRADERS	5	75,663.1 (58,916.3)	+28.4	69,002.8 (53,226.3)	63,896.8 (48,100.0)	31,264.0 (23,516.6)	30,565.0 (22,181.8)	+37.8	8,934.4 (5,164.7)	+73.0	26,802.0 (21,170.4)	376,432.5 (216,574.7)	25.0 (24.6)	118,661.0 (96,135.9)
TOTAL COMMODITIES	19	134,886.5 (100,843.5)	+33.8	120,912.3 (89,295.7)	108,148.4 (75,597.2)	51,922.9 (39,175.5)	53,053.0 (32,409.9)	+63.7	16,769.3 (10,815.2)	+55.2	47,020.1 (31,938.8)	518,531.0 (465,278.7)	23.3 (19.2)	164,931.9 (131,015.8)

NOTES ON COMPILATION OF THE TABLE

The classification follows closely that of the Institute and Faculty of Actuaries, which has been adopted by the Stock Exchange Daily Official List.

Col. 1 gives trading profits plus investment and other normal income property belonging to the financial year covered. The figure is struck before charging depreciation, loan and other interest, directors' emoluments and other items normally shown on the profit and loss account. Excluded are all exceptional or non-recurring items such as, for example, capital profits, unless the latter arise in the ordinary transaction of business.

N.B.—Certain companies, including merchant banks, discount houses, insurance and shipping companies are exempted from disclosing the full information required under the Companies Act, 1948.

Col. 2 gives profits before interest and taxation that is to say profits after all charges except loan and other interest, but before deducting taxation provisions and minority interests. In the case of Banks, no figure can be shown because of non-disclosure (see foregoing paragraph).

Col. 3 gives Pre-tax Profits that is to say profits after all charges including debenture and loan interest but before deducting taxation provision and minority interests.

Col. 4 groups all corporate taxation including Dominion, Colonial and Foreign liability and future tax provisions but excludes adjustments relating to previous years.

Col. 5 gives the net profits accruing on equity capital after meeting—

1—Minority interests.

2—All prior charges—sinking fund payments, etc., and Preference dividends and

3—Provisions for staff and employees pensions funds where this is a standard annual charge against net revenue.

Col. 6 sets out the net cost of dividend on equity capital.

Col. 7 is the capital generated internally over a year's trading. For the purposes of comparison equity earnings plus depreciation less equity dividends is the recognised method of computing this figure.

Col. 8 constitutes the total net capital employed. This is the total of net fixed assets—excluding intangibles such as goodwill—plus current assets less current liabilities, except bank overdrafts.

* For merchant banks and discount houses a more realistic figure to quote is the balance-sheet total.

Col. 9 represents the net return on capital employed Col. 2 as a percentage of Col. 8 provides an indication of average profitability.

† Excluding merchant banks, discount houses, insurances, etc.

‡ No figures given.

Col. 10 net current assets are arrived at by the subtraction of current liabilities and provision from current assets.

Board provides 1,000 jobs in mid-Wales

BY ROBIN REEVES, WELSH CORRESPONDENT

ADVANCE factory lettings by the Development Board for Rural Wales have reached the 50 mark, Mr. Emrys Roberts, the board chairman, said in Cardiff yesterday.

Mr. Roberts, reporting on the board's first 18 months said that the 50 units let provided 330,000 sq ft of space distributed throughout mid-Wales.

It was providing more than 1,000 new jobs in an area which had suffered severely from depopulation and lack of local employment opportunities.

In addition, the board had provided nearly £800,000 in loans to small businesses in its area, and over 300 grants towards social projects to improve the region's amenities.

The board was now pressing ahead the building of a further 17 factory units totalling 142,000 sq ft in area, and plans were also in hand for a further 27 units totalling nearly 100,000 sq ft. Some factories under construction were already let or subject to firm applications.

In conjunction with Barclay's bank, the board is offering £5,000 to producers of giftware for the best new gift idea in the lower price range. Board researches into the Welsh tourist gift market have disclosed a shortage of locally produced goods in the £2 to £3 range.

The judges will be looking at the sales potential of the product, its originality, quality, and design standards, and the feasibility of manufacture within a retail price limit of £5.

HOME NEWS

Low fares prescribed for healthier future

NEWS ANALYSIS

BRITISH AIRWAYS

BY MICHAEL DONNE

THE DECISION by British Airways to make a major assault on the cheap fare market over the next eight years stems from its conviction that world air travel is likely to continue to rise at an average 8 per cent a year. This will result in the airline carrying about 27m passengers a year by 1986, compared with 16m now.

Mr. Ross Stainton, deputy chairman and chief executive, announced the airline's plans this week in Los Angeles where he was attending the roll-out of the first of the airline's Dash 500 long-range model Lockheed TriStar Airliners.

He made it clear that, after a major reappraisal by a strategic steering group set up by the airline board, it had been concluded that major changes in the airline's direction were not only desirable, but essential.

"The airline is going to be very different from the present one in two fundamental respects," he said.

"First we are going to be far bigger in terms of capacity and in the numbers of passengers and the quantity of cargo we carry.

Far bigger

"Secondly, we are going to be a low-cost airline catering principally, though by no means exclusively, for low-fare passengers.

"To achieve this, we are going to have to cope with two major requirements. We are going to have to operate at cost levels in line with the sharply reduced average level of fares that our passengers will pay; and we are going to have to live with the very serious constraints that will exist, such as in airport congestion, pressure on ground facilities, hotel space and the like."

By 1986, out of the 27m passengers a year, no fewer than 20m would be on short haul services and the rest on long haul.

But, instead of about 60 per cent being high yield—that is, higher fare traffic, as at present, the balance would shift so that on short-haul routes alone, about 69 per cent would be cheap fare passengers and 31 per cent high fare passengers.

This meant that, although British Airways would be carrying more passengers, the airline's revenue yield was likely to drop sharply.

More flexible

"We predict that by 1986, our short-haul yield will have dropped by about 42 per cent and our long-haul yield by about 28 per cent. It must be clear that we are going to have to bring about some equally dramatic reductions in our costs simply to stay where we are.

"Even after making allowance for all the obvious cost savings, such as the benefits of more efficient aircraft, higher load factors on low fare services and so on, we shall still have to achieve further substantial cuts in our costs over the next eight years if we are to attain our twin objectives of hitting our profit targets and maintaining our present share of the market.

"There are a number of ways in which we can achieve this further saving, we believe, and we are working on a wide range of them at present.

"They include a more flexible layout of our aircraft to take advantage of seasonal trends; better aircraft utilisation; fuel savings through more efficient operating techniques; and an improvement in staff productivity."

Mr. Stainton stressed that no member of the staff would lose his job as a result of the changes envisaged, but everyone would have to work harder if the airline was to be able to compete.

The aircraft fleet would expand by about 10 per cent to just under 200 aircraft, but because most of them would be wide-bodied jets such as Boeing 747 Jumbo jets and Lockheed Tristars, the total seat capacity would grow by about 70 per cent.

As far as narrow-bodied jets were concerned, the airline would have 19 Boeing 737s and at least 19 Boeing 757s, but all the existing Tridents, VC-10s and older 707s would have gone by then.

Off-peak

With these new jets and cheap fares, the load factor would be much higher, running at about 75 per cent overall throughout the airline, with a load factor of about 85 per cent on the low-priced services and a little less on the business or higher fare services.

The precise fares levels the airline is thinking about are not yet settled, but a small start has been made recently with cuts in some off-peak and week-end fares to European destinations. These will be built up progressively.

British Airways is putting heavy emphasis on the TriStar in its new plans, and especially on the new Dash 500 long-range model rolled out at Lockheed's Palmdale, California, factory.

This aircraft will take over the longer, "thinner" traffic routes from the VC-10 and 707 jets, and will be used increasingly on long hauls, for example to the Middle East, and then to more distant destinations such as Los Angeles, San Francisco, and as one-stop aircraft to Australia.

"In our judgment," Mr. Stainton said, "it is no longer a question whether or not British Airways should be in the low fare mass market. It is simply a question of how we do it.

"We exist to provide the public with what they want, and if that is low fares, low cargo rates, or anything else, it is our duty to provide it as far as we can.

Competitors

"This will not be good news to our privately-owned competitors, who I suspect wish that we would get the hell out of the low fare market and let them get on with it.

"I must make it clear that, far from getting the hell out of it, we intend to go wholeheartedly into it; not reluctantly, but with enthusiasm and professional care.

"That does not mean abandoning our traditional place in the business market. We shall go on being a total air transport business, offering the whole range of products from a very high quality first class service to a good but very basic low fare product which may be based on stand-by fares or may include a simple form of seat reservation.

"Life from now on is going to be tougher, but I also believe it will be healthier."

Stricter rules hit drug industry

BY SUE CAMERON

THE FUTURE growth of the pharmaceutical industry is under threat from the increasing number of Government-imposed regulations on drugs, according to a new survey.

The survey, by Jordans, says that introduction of more stringent tests in both the UK and abroad have played a major part in raising the costs of drug research and development. This was hitting smaller pharmaceutical companies which cannot afford the £25m average cost of bringing a new drug on to the market.

The survey, which gives financial information on 234 British and foreign-owned pharmaceutical companies operating in the UK, forecasts that there will be fewer and fewer genuinely new drugs being launched.

The number of new drugs—as opposed to reformulations of existing ones—was already declining and the big pharmaceutical companies would stop looking for cures for rarer diseases because of the costs involved.

Companies would make a major effort to obtain higher returns on the patented new drugs they produced. As a result, the cost of prescribed medicines was likely to increase.

"For about 15 years, the number of new drugs reaching the market has been falling steadily while costs and constraints have continued to increase.

Regulations

"The length of the development stage has doubled over the past decade or so, due largely to the extension of testings and other regulatory requirements, and is estimated at between 10 and 12 years.

"The outcome is that the cost of researching, developing and marketing a new medicine is now in excess of £20m and even as high as £30m—without expenditure on plant.

"These escalating costs are pricing small firms out of the drug discovery field — increasingly leaving new drugs the prerogative of large, international firms."

Smaller concerns were also suffering from the "increasing restrictions in the UK on prices, advertising and the level of prescriptions."

The survey accuses the Department of Health and Social Security, which runs the new pharmaceutical price regulation scheme, of wanting to "enter into horse trading over medicine prices" even after "protracted negotiations and detailed submissions."

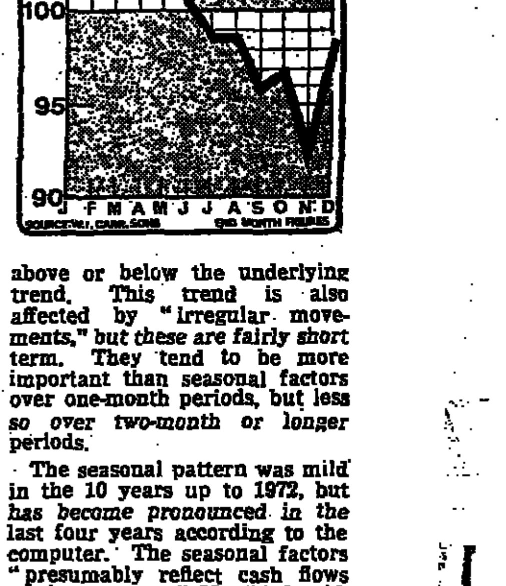
Unfortunately, the danger in reducing prices too much is that with the large exports of drugs from the UK and the fact that many foreign countries base their drug prices on those in the UK, the possible losses in balance of payment terms may outweigh any National Health Service savings."

In spite of these difficulties, the total sales of drugs and pharmaceutical chemicals made in the UK grew by 24 per cent last year to reach £1,294m.

The British Pharmaceuticals Industry: Jordan Surveys, Jordan House, Brunswick Place, London N1 6EE; £75.

Computer confirms seasonal changes in stock market

BY JAMES BARTHOLOMEW



AN ANALYSIS of the London stockmarket's performance over the last 16 years to determine to what extent its movements follow a seasonal pattern seems to confirm the old market adage "sell in May and go away."

Brokers W. I. Carr, Sons and Co. used a computer programme made by the U.S. Bureau of the Census which takes any series of figures over a number of years and divides the movements into underlying trend, irregularities and seasonal trends.

This sort of programme would be used normally for analysing unemployment, industrial production and other such statistics.

Its analysis of the stock market shows a seasonal pressure for prices to reach their low point at about the end of November, then rise until the end of April before falling back through the summer.

The programme is capable of analysing how the seasonal pattern changes and the chart shows the computer projection of what the seasonal factors will be in the coming 12 months.

The chances of the computer having found this pattern without it actually existing are 1,000 to one against, said Mr. Tony Bird of W. I. Carr. The source of this remarkable assertion is the computer itself, but Mr. Bird said that the programme used a standard accepted statistical method in making it.

The figures in the chart indicate to what extent the FT Actuaries Index will tend to be above or below the underlying trend. This trend is also affected by "irregular movements," but these are fairly short term. They tend to be more important than seasonal factors over one-month periods, but less so over two-month or longer periods.

The seasonal pattern was mild in the 10 years up to 1972, but has become pronounced in the last four years according to the computer. The seasonal factors "presumably reflect cash flows in the economy," Mr. Bird said.

Sir Fred Catherwood switches to Tories

By Maurice Samuelson

SIR FRED CATHERWOOD, chairman of the British Overseas Trade Board, said last night that he had lost faith in the Labour Party. He declared support for the Conservatives and the policies of Mrs. Margaret Thatcher.

Director general of the National Economic Development Council during the last two years of Sir Harold Wilson's premiership, Sir Fred made his pro-Tory statement for delivery to the Cambridge Junior Chamber of Commerce after what he called "15 years of political purdah."

In a passage which will be welcomed by Mrs. Thatcher and Sir Keith Joseph after their differences with Mr. Heath, the former Tory Prime Minister, Sir Fred said that in making the stability of the currency one of her main priorities Mrs. Thatcher was "ahead of current economic opinion."

"There is no conflict between growth and sound money because neither industry nor Government can plan for the future except on the basis of stable currency. The countries with the hardest currencies have done best, those with the softest have done worst."

Explaining his disilusionment with Labour, Sir Fred said it had failed to become a broad-based party, had become "divisive" and class-based.

The Conservatives, whom he had first joined as a Cambridge undergraduate 32 years ago, were now the road-based party which could unite the country.

In particular, they could restore the prestige of the professions whose practitioners Labour had treated as "non-persons." The Tories also had better policies than Labour on law and order and on Europe.

Airline sponsors cars

By John Griffiths

British Airways has reached an agreement with BL Cars under which the airline will sponsor BL's two main entries in next month's RAC international rally.

Two V8-engined Triumph TR7 sports cars will run in British Airways colours on the 2,000-mile event covering much of Britain.

No price has been put on the deal. British Airways sponsored last year's outright winner, a Ford Escort. BL is also to run a third, similar car in the event under different sponsorship.

The V8 TR7 was to have been launched in the U.S. during the summer, but closure of the Speke factory forced the launch to be cancelled. However, production should start soon at Canley, and the car should go on sale in the U.S. early next year.

There are no immediate plans for it to be sold in Britain. A convertible version of the two-litre four-cylinder car currently sold in Britain is to make its debut at the Birmingham Motor Show next week.

Electricity cost 'struggle'

BY SUE CAMERON

THE ELECTRICITY supply industry is having to struggle to keep down its prices, according to Mr. Douglas Pask, director general of the South-West region Electricity Generating Board.

The board's regional newspaper says that Mr. Pask told a private meeting of management and staff that the industry was having to operate against a background of continuing increases in primary fuel costs on the one hand, and a swing towards cheap gas by consumers on the other.

Large modern plants were often operating in an expensive and inefficient way because of their excess capacity, he added. This was because demand had not been as high as forecast.

Mr. Pask also called for the building of nuclear power stations so that future needs could be adequately met.

'How to tackle Japan' clinic for businessmen

BUSINESSMEN IN South Yorkshire are to be given the chance to discuss exports to Japan in individual counselling sessions with experts at a clinic to be held this month.

The clinic is a follow-up to a highly successful seminar on exporting to Japan addressed by businessmen, academics and Japanese trading company officials this year. The seminar, intended to serve South Yorkshire industrialists, attracted inquiries from throughout the UK.

The clinic will be held on October 24 and 25 at County Hall, Barnsley, and is intended to give businessmen the chance to talk about specific topics relating to Japanese markets with members of the British Overseas Trade Board and the Japan task force.

Orwell prize

PENGUIN BOOKS annual George Orwell memorial prize has been awarded to Paul Bailey for his article The Limitations of Despair, first published in The Listener. The prize, instituted in 1975 to mark Penguin's 40th anniversary, is worth £750.

OBITUARY

Mr. Arthur Stapleton

Mr. Arthur William Stapleton, founder of Advance Electronics, has died, aged 81. He started manufacturing radio components in 1922, in a poultry shed, and established the company initially as Advance Components. He retired in 1959.

Advance Electronics was acquired by Chicago-based Gould Inc. in 1974 and today forms the nucleus of two Gould divisions in the UK—Gould Instruments Division at Hainault and Gould Electronic Components Division, with plants at Bishop's Stortford and Wrexham.

CONSERVATIVE CONFERENCE

LABOUR NEWS

Thatcher offers collective bargaining

THE NEXT Conservative Government will follow a policy of "realistic, responsible collective bargaining, free from Government interference," Mrs. Margaret Thatcher, the party leader, told delegates yesterday in her speech winding up the Conservative Party Conference.

She ruled out the possibility of fixed wage guidelines and made it clear that pay settlements must vary according to the profitability of the individual company. If wage demands were too high then the result would be bankruptcies and more unemployment.

Addressing her remarks to the trade union leaders, she said that the Labour Government did not believe in such a policy. Therefore, it could no longer be said that there was little to choose between the policies of the two major parties.

"Responsibility can't be defined by the Government setting a fixed per centage for everyone because the circumstances are different in every concern in the country, whether nationalised or free," she said.

'Restrictive practices are encrusted like barnacles on our industrial life'

Her message to the unions was: "It's up to you to act realistically in the light of all the facts, as the Government itself must do. *If you demand too much, you* will bargain your firm into bankruptcy and your members on to the dole. No one wants that."

Mrs. Thatcher pointed out that such an approach had worked well in other countries. It had also worked under 13 years of Conservative Government when Britain had performed better than under the present Labour Government.

There was applause as she said: "Let's make it work again. That is our message to the unions."

She reminded the union leaders that if the Government took too much in tax everyone would want higher wages. When the Government bailed out those who bargained irresponsibly the money had to come out of the pockets of those who bargained responsibly.

If a government tried to level everyone down with "year after year of totally rigid incomes policies," then it destroyed incentives.

She attacked the Government's policy of employing sanctions to penalise companies who breached the pay guidelines.

"If a government enforces these policies with the underworld sanctions of blackmail and blacklists it undermines its own authority and Parliament's."

The British disease had been the "us and them" philosophy and many in industry were still affected by this virus. They treated the factory not as a workplace but as a battlefield. When that happened, the idea that workers prospered with their company flew out of the window.

In a hard hitting passage, she went on: "You, the trade union leaders, have great power. You can use it well or use it badly. But look at the position of your members today and compare it with the position of workers in other free countries.

"Can you really say—can anyone say—you have used your powers well? You want higher wages, better pensions, shorter hours, more government spending, more investment, more, more, more . . ."

She asked where that "more" was to supposed to come from. There could be no more wealth unless we all produced it.

"You can no more separate pay from output than you can separate two blades of a pair of scissors and still have a sharp cutting edge."

In this respect, she said, the unions were often their own worst enemies. Greater wealth was not created because, too often, restrictive practices robbed the workers of the one thing they had to sell—their productivity.

"Restrictive practices are encrusted like barnacles on our industrial life," she went on. "We've been there for almost a century.

"They were designed to protect you from being exploited but have become the chief obstacle to your prosperity. When two men insist on doing the work of one there is only half as much for each."

She said that she understood the fears of the unions but emphasised that they were wrong in their outlook. The right way to attack unemployment was to produce more goods more cheaply. Germany and Japan were doing this and had a large growing share of the British market.

"Both are winning your customers and taking your jobs," she told the unions.

She emphasised, too, that Germany had a strict control of the money supply, no rigid incomes policy, less State control and lower personal taxes. The unions there were on the side of the future, not re-fighting the battles of the past.

The Conservatives, she stressed, believe in encouraging free enterprise and profits. They believed in making substantial cuts in income tax and would create conditions in which the value of the money earned and saved could be protected.

She told the unions: "We will do these things. That I promise you. We'll play our part—you play yours responsibly."

Concentrating her fire on last week's events at Blackpool, Mrs. Thatcher claimed that as a result of the decisions taken by the Labour conference, Britain now had a Prime Minister whose party had disowned his principle policy and destroyed the chief plank in his election strategy.

Until last week, that strategy had been simple—Labour would play its union card, the one called "special relationship."

The idea had been, she said, that a group of union leaders would try to persuade the country that if they were not allowed to call the tune there would be no music.

Mrs Thatcher conceded that no union leader had ever actually said "I shall overturn a Conservative Government." It was always the union next door that was going to do that.

It had been intended that the so-called special relationship should be used to enable Labour candidates to counter charges based on the Government's record—which included the highest level of unemployment since the war, doubled prices and a stagnant economy—by the claim that only Labour could keep the unions happy.

This, said Mrs. Thatcher, was to have been Labour's case when the election came.

"The election didn't come. Blackpool came—and with it, the great illumination.

"Today, Labour's policies are at a dead end, economically and politically. This is not something to crow about. We don't hope for a country in ruins so that we can take over. We want to be elected because we could do better, not because we couldn't possibly do worse."

Mrs. Thatcher castigated the PM's television announcement that there would be no October general election as "the first broadcast ever to present a chronic case of cold feet as a noble act of patriotism."

When Parliament reassembled, she promised, Conservative MPs would do everything they could as a responsible opposition to end the present damaging uncertainty, to defeat the Government and to bring about a general election.

But she warned that before the present Parliament ended the Government might well indulge in one last wretched round of manipulation and manoeuvre.

There might be private deals, public pacts or cosy little understandings — "always in the national interest" — before the government was finally dragged, kicking and screaming, to the polls.

As conference roared approval, Mrs. Thatcher forecast: "The longer they wait, the harder they'll fall. But the harder too will be our task of halting and reversing the decline of Britain."

The Conservative Party, she stressed, offered the nation nothing less than national revival—the deeply needed and long-awaited recovery of the country.

Mrs. Thatcher maintained that Britain's decline sprang from having been governed over the last four and a-half years by men who lived by illusions.

These had included the illusion "that you could spend money you haven't earned without eventually going bankrupt or falling into the hands of your creditors."

Marxists in the Labour Party preached that class war was just, necessary and inevitable. "But if it is wrong to preach race hatred—and it is—why is it right to preach class hatred?"

Those who claimed that the Conservatives were a class party were standing the truth on its head. Soo too was the claim that the party was racist.

The Conservative determination to deal with the very real problems of immigration control had inspired Labour to a shameful attempt to frighten the coloured population of Britain.

"Compulsory repatriation is not—and never will be—our policy. Anyone who tells you differently is deliberately misrepresenting us for his own ends."

Turning to the subject of law and order she said that when the rule of law broke down, families were unsafe, criminals prospered and the nightmare world of "A Clockwork Orange" became a reality.

"Here in Britain in the past few years, that world has become visibly nearer. We have seen the

'If it is wrong to preach race hatred, why is it right to preach class hatred'

symptoms of the breakdown of the rule of law."

Dealing with foreign affairs, Mrs. Thatcher failed to make any mention of Rhodesia, although the continuation of sanctions against the Smith regime has caused bitter controversy at the conference.

It was also noticeable that the Common Market rated only a lukewarm mention in her speech when she said: "Unlike Labour, we shall make a success of our place in the Community."

Britain's relations with Russia and the need for us to maintain a strong defence force took up most of her attention.

She firmly rejected the demands made from some quarters for the withdrawal of the armed forces from Northern Ireland, and pledged that as long as Ulster wished to belong to the UK she would do so.

In her final passage, Mrs. Thatcher agin returned to the theme of the differences that divided the Conservatives from the Labour Party. There was all the difference in the world and that would become very apparent if a Conservative Government were returned to power at the next General Election.

Words of advice

TO UNION LEADERS: "It's up to you to act realistically, in the light of all the facts."

TO THE PRIME MINISTER: "Last month, the nation was privileged to watch on TV the first broadcast ever to present a chronic case of cold feet as a noble act of patriotism."

TO THE LIBERAL LEADER: "Let me remind young Mr. Steel, millions of Conservatives were among those who spent five years fighting a war against racialism when he was still in short trousers."

TO IMMIGRANTS: "Your rights and responsibilities are the same as those of every other British citizen and your opportunities ought to be the same."

TO LAWBREAKERS: "You will find in the new Conservative Government a remorseless and implacable opponent."

TO VOTERS: "We must learn again to be one nation or one day we shall be no nation. That is our Conservative faith."

Patients to come first

A TORY Government will put the patient first in dealing with the National Health Service. Mr. Patrick Jenkin, shadow social services secretary, told delegates: "We *must* return decision-making to the point where patients are cared for.

"The closer decisions are taken to patients' care, the more likely it is that it will be *patients and not* some other interest that will be served."

Mr. Jenkin outlined the Conservative way ahead for Britain's Health Service in a simple plan:

- All available resources to be used to bring health care to the people and to cut waiting lists.
- Responsibility restored to the local level.
- Waste reduced by freeing health authorities from petty restrictions.
- The burden of bureaucracy cut.
- More resources channelled to patient care.

"Whether we talk about the structure of the service, or about the system of administration, or about the pay and conditions of staff, or about the financing or the service, *our central objective* must always be to serve the interests of patients."

The return of decision-making to the local level would help the re-establishment of "effective leadership."

Mr. Jenkin said: "There are many causes of bad industrial relations but lack effective leadership on the ground guarantees trouble and trouble we have certainly had."

It was a "tragedy" that Britain's big hospitals had been allowed to become "fertile breeding grounds for every kind of industrial disruption." It was always the patients who suffered.

It could be time for a "Geneva Convention" on the Health Service which bound everyone — professions and unions alike—to observe the golden rule that patients must come first.

Bureaucracy in the Health Service had become a "nightmare" said Mr. Jenkin. The Conservative solution was a simplification by abolishing the area tier.

Tories' birthday bonanza

BY ELINOR GOODMAN

IT WAS all happy families in Brighton yesterday when the Tory conference reached its inevitable crescendo with a standing ovation for Mrs. Thatcher.

The combination of a pre-election rallying call to the troops and a birthday was heady stuff for the assembled representatives.

The conference hall took on the atmosphere of the Albert Hall on the last night of the Proms as eager young Conservatives waved their banners and chanted patriotic songs with a *thoroughly wholesome* vigour.

The promenaders might have sung Land of Hope and Glory better but at least the Tories didn't muff the words of their songs like the Labour Party did in Blackpool last week.

The spirit of reconciliation and good will was in the air from the first session yesterday. Mr. Norman St. John Stevas warmed things up nicely by sugaring the pill of comprehensive education with his own particular brand of wit.

A few self-deprecating jokes about Catholics and Pope Jim almost made the delegates forget their natural preference for his deputy, Dr. Rhodes Boyson.

After lunch, Mr. Kim Brinton did his bit to raise funds for the party with a fair imitation of a Butlins' Redcoat.

"Is everybody here a Conservative," he bellowed. He got a fairly predictable response from an audience probably more familiar with the rules of bridge than housey-housey.

And then the Big Moment. To the tune of Happy Birthday, Mrs. Thatcher walked in, looking elegantly Britannic.

The audience took some time to respond to her speech but by the time she got to the bit about cutting taxes and strict money supply, the representatives had got the message and enthusiastically made the appropriate noises at the right time.

Not by nature a stand-up comic, Mrs. Thatcher has nevertheless developed a nice sense of timing. Dealing with Mr. Callaghan's charge that the Shadow Cabinet is composed of notorious villains, she let her eyes roam slowly over the assembled team.

Her glance dwelled particularly lovingly on the patently harmless features of Mr. William Whitelaw.

As befitted an occasion which was essentially Mrs. Thatcher's nobody else tried to hog the limelight.

The one person missing from this great celebration was, of course, Mr. Heath. He is not thought to have sent her a birthday card though he was undoubtedly at the closing session in spirit.

Curiously, it was the former leader of another party, Mr. Jeremy Thorpe, who came closer to getting on the platform.

The Young Conservatives presented Mrs. Thatcher with a cuddly Paddington Bear, complete with the sou'wester and Wellington boots so beloved by the former Liberal leader on his hovercraft excursions during the last election.

Dr. Rhodes Boyson (left) and Mr. Norman St. John Stevas

Proposals to stop gazumping

CONSERVATIVE *policy proposals* aimed at eliminating gazumping of house prices are to be produced soon.

Gazumping is the much criticised abuse which occurs when a vendor sells to a higher bidder, thus involving the original would-be purchaser in heavy losses.

With house prices once more rising steeply, the Tories are anxious to have a policy on gazumping which they can put into effect if they are returned to power at the next general election.

This will be one of the subjects dealt with by Mr. Hugh Rossi, the party spokesman on building and land, in a policy pamphlet *on which he is now working.*

"We are thinking of ways in which we can eliminate the problem of gazumping," he told delegates.

He did not elaborate on the proposals but two possibilities are under consideration.

One is that the vendor would have to recompense the would-be purchaser for any losses incurred as a result of gazumping.

The other scheme—which is far more likely to be adopted—is for the streamlining of professional practices to shorten the eight weeks which is now the average period for the completion of a sale.

This would entail the purchaser having far swifter access to results of preliminary inquiries and replies to searches.

Another possibility is that the purchaser would receive a certificate from the vendor saying that the house was in sound structural condition.

Mr. Rossi said that a Conservative government would seek to protect home buyers from excessive increases in *mortgage interest rates.* They would also do something to increase the exemptions from house purchase stamp duty.

He attacked the Labour Government's policy of mortgage rationing and warned that unless there was an increase in the flow of mortgages, house building could fall off rapidly.

Housing starts could drop to the 1977 level of 135,000, the second lowest total in 20 years.

The Tories, he said, would give first-time grants to owner-occupiers and would also introduce equity sharing schemes to make home ownership far easier.

They would repeal the Community Land Act and planning procedures would be revised to enable applications to be processed far more speedily.

The conference adopted a resolution stating that housing problems could best be solved by private investment leading to home ownership rather than public investment leading to dependence on the state.

It called on the next Conservative government to adopt a long-term housing strategy aimed at making home ownership possible to all.

An amendment was also adopted, recognising that this strategy must be complemented by the need to improve living standards on council estates.

Education pledge

LOCAL EDUCATION authorities battling to preserve grammar schools were again urged to take their fight to the full legal limit by Mr. Norman St. John Stevas, the shadow education secretary.

Amid cheers, he announced that the first Queen's Speech introduced by Mrs. Margaret Thatcher as Prime Minister would include a Bill to repeal the 1976 Education Act under which the Government is now compelling recalcitrant councils to establish comprehensive schools.

Mr. St. John Stevas, whose lively and hard-hitting speech won sustained applause, called on local education authorities to do everything in their power, within the law, to ensure that not a single grammar school was lost which would have been saved had Mr. Callaghan's "cowardice" not prevented a Conservative election victory this month.

The incoming Government would act on the basis that time was of the essence, and the repeal Bill, in restoring to local education authorities the freedom to organise their schools in the way they thought best, would also enable them to take up places in schools in the private sector if they wished to do so.

He looked to these provisions to aid the direct grant schools through the restoration of local authority assisted places on a statutory basis so that it would never again be possible for them to be ended by Ministerial edict.

Mr. St. John Stevas underlined the party's concern for raising standards in comprehensive schools and assured parents of the 80 per cent of the nation's children educated in them that they had no need to fear another organisational earthquake.

"Comprehensives must be free to specialise in subjects such as foreign languages, mathematics, science and the arts. They must publish prospectuses giving details of their specialities and achievements, including their examination results.

"National standards will be set, not to penalise, but to provide goals and incentives, to identify what has gone wrong and to put things right."

Mr. St. John Stevas told conference that he would not be a party to any change which threatened standards. O and A level examinations would remain.

Dr. T. R. Chandran, from Ashfield, led on attempt to switch the emphasis of Conservative policy to encourage greater recognition of the role to be played by comprehensive schools.

He said the party should seek to correct the impression given by the media that it was concerned only with the maintenance of grammar schools.

"Let us stop kidding ourselves that we can put the clock back. Comprehensive education is here to stay."

With the agreement of Dr. Chandran, the conference accepted an amendment committing the party to the raising of standards in all types of school, whether selective or comprehensive, maintained or independent.

Conference reports by Richard Evans, Ivor Owen, John Hunt and Elinor Goodman. Pictures by Freddie Mansfield

Steel managers seek injunction

BY PHILIP BASSETT,

THE STEEL Industry Management Association will apply for an injunction to prevent the British Steel Corporation from ending steelmaking at its Glengarnock plant in Scotland until it has consulted the association.

The corporation and the TUC steel committee have agreed on steelmaking at the plant coming to an end on December 23, making 720 workers redundant.

Mr. Robert Muir, general secretary of the association, told its annual conference in Harrogate yesterday that it would be applying to the Court of Session in Edinburgh for an interim interdict to prevent closure at the plant.

If the move is agreed in court, the corporation will be unable to begin closure of the plant or processing of redundancies. The association represents 12,000 managers in the industry and has 46 members at Glengarnock.

The move is bound to anger the TUC steel committee, which has agreed severance terms of from £4,000 to £16,000 for workers being made redundant. A further 280 workers at the plant's steel mills will be subject to a joint review.

Opposition from the workforce to any closure has been considerable. Closure would be bound to have a very adverse effect on an area with high unemployment and few job prospects.

The conference was bitter at the general lack of consultation by the corporation with its managers. Mr. Muir said that the corporation seemed "hell-bent" on appeasing its blue-collar workers.

Mr. Roger Poulton, a national council member, said that Sir Charles Villiers, chairman of the corporation, knew nothing about steelmaking or the industry, and that the "steel contract"—the corporation's participation plan with its workforce—was "as worthless as Chamberlain's piece of paper from Munich".

Sunday magazine blacked again

BY PAULINE CLARK, LABOUR STAFF

DISTRIBUTION OF tomorrow's Sunday Times colour magazine in London and much of the Home Counties will be blacked by print union members for the second time this month.

The main newspaper should have uninterrupted production as a result of an agreement reached with a different group of print *workers who took unofficial* action last week, Times Newspapers said yesterday.

Disruption of the colour magazine comes as the latest in a series of unofficial industrial disputes which have led Times Newspapers to set a deadline at the end of next month for an agreement on a new disputes procedure with the print unions.

Action by members of the Society of Graphical and Allied Trades has continued in spite of a management move this week to bring national leaders of the union into detailed discussions on a reformed disputes procedure.

Study

Management said yesterday that the SOGAT branch and Times own chapel officials had reserved their position until all members had the opportunity to study the management's comprehensive proposals.

The management of the Daily Telegraph whose, London editions have been lost for more than a week because of a dispute involving members of the National Graphical Association, met yesterday to consider its position. The chapel decided on Thursday to adjourn for a week following a breakdown in talks between management, chapel representatives, and London regional officials of the unioin.

In Glasgow, the management of the **Daily Record** and **Sunday Mail** warned the 1,000 workforce that redundancy notices may be *issued next week to all staff,* unless the Mail appears tomorrow.

The Record was not published yesterday because of an unofficial strike by the paper's 184 journalists over manning of branch offices. They returned to work yesterday to allow the dispute to go through procedure.

Journalists are expected to *join print workers, who are seeking* parity with Daily Mirror employees in Fleet Street, in a strike to-day, which would prevent publication of the Sunday Mail.

The Glasgow Herald and Glasgow Evening Times, which have not appeared since Wednesday because of a dispute by print workers over outside setting of display advertisements, are expected to be back on the streets today. The publishers, George Outram, have the interim agreement of the Scottish graphical division of SOGAT to allow publication pending further talks on their claim, which is related to current negotiations about manning and wage levels for Outram's new plant at Albion Street.

The National Union of Journalists yesterday decided to call an official strike by journalists at Outram's sister company, **Scottish and Universal Newspapers,** in pursuit of their claim for productivity payments for new technology.

From Monday, about 80 journalists employed on 10 weekly papers published in Ayrshire and Lanarkshire, will be called out. If there is no settlement by the following Monday, the other 70 journalists on the group's remaining 16 newspapers will be instructed to join action.

The privately owned Tweeddale Press group of Berwick last night suspended publication of its five weekly papers and laid off the staff of 165 because of a strike by SOGAT graphical workers.

Strike threat over at Motor Show

TWO GROUPS of workers yesterday called off strikes which had threatened to wreck the Motor Show.

First, 300 electricians employed by contractors went back to work wiring stands at the National Exhibition Centre, near Birmingham, after unanimously accepting a pay deal.

Then 1,400 stand builders *were made an offer which satis*fied their pay claim, and abandoned their series of half-day stoppages within minutes of their scheduled walk-out.

Both groups had demanded consolidation of daily attendance allowances into basic pay to boost overtime earnings.

Mr. David Gent, deputy director of the Society of Motor Manufacturers and Traders, said he was "delighted." All the workers had declared their intention "to do their utmost to make up lost time."

Mr. Jerry Kunz, the show manager, said that the show should be ready not just for opening day on Friday, but also for the Press preview on Wednesday.

"From the way everybody is working at the exhibition centre, it is clear that we will, after all, be able to show the world that Britain can do it," he said.

The Duke of Kent will open the show at 11 o'clock on Friday, and more than 1m visitors are expected during the ten-day event.

Vickers workers walk out

MORE THAN 1,000 men at the Vickers engineering works at Newcastle-upon-Tyne went on strike yesterday because the company withdrew from a self-financing productivity deal which gave them an extra £4 a week.

The company, which handles mainly Ministry of Defence contracts, said it decided to abandon the scheme because of fears that it broke the Government pay code.

This followed the refusal of the engineering union's work committee to allow men to be transferred from one department to another, as the order book demanded.

The men, who have been receiving the extra money since mid-July, will not be asked to pay it back.

Goodyear strikers stay out

THE STRIKE over pay which has brought all car tyre production to a standstill at the Goodyear plant in Wolverhampton for five weeks is to go on.

The 340 strikers voted at a mass meeting yesterday to stay out until the company makes an offer of cash on the table.

The decision means that more than 600 workers will continue to be laid off by the dispute which has cost the company over £1m.

CPSA rules broken

A RIGHT-WINGER replaced a Communist yesterday in the leadership of the biggest civil service union, because of a breach of the constitution.

Mr. Peter Coltman was elected junior vice-president of the 234,000-strong Civil and Public Services Association in May. The election was declared null and void yesterday because a number of branches did not vote, as they are required to by the constitution, for the candidates nominated by them before the annual conference.

Mr. Len Lever, president, declared Mrs Kate Losinska, a Right-winger, elected in Mr. Coltman's place, and said the constitution had been breached across the union's political spectrum.

The association will have a new ballot for the entire national executive committee.

THE WEEK IN THE MARKETS

Interest rate pressures

Friday the 13th was a day the market will be keen to forget. A sharp jump in the Treasury Bill Rate (which would have triggered off a half point rise in MLR under the old formula) combined with unhappy labour news took its toll on gilts and equities.

Indeed concern over pay uncertainties had been overhanging the market for much of the week and share prices swung like a pendulum on the minimum of business. Small wonder that by the end of the account, following some rather disappointing trade figures, both gilts—falls of up to 1 point were seen on the day—and equities—the FT Index fell by 9.6 points—were looking shaky.

Insider deals

The City's new self-regulatory watchdog, the Council for the Securities Industry (CSI), this week added its voice to current debate on how best to tackle the problem of insider dealing.

There appears to be little doubt in the City's mind that dealing in shares on the back of privileged and price sensitive information should be classed as a criminal offence. What does worry the Takeover Panel, the Stock Exchange, the Accepting Houses and other members of the council is that legislation might frustrate the legitimate and desirable activities of directors, institutions and others.

LONDON
ONLOOKER

The city's reactions follow the Government proposals to make insider dealing a criminal offence — punishable by jail sentences of up to two years — contained in its White Paper "Changes in Company Law" published in July.

The debate has intensified in recent weeks with the possibility that the White Paper will form the framework for a Bill to be introduced in the coming Parliamentary session.

The council's statement, however, was disappointing. It detailed the serious difficulties of formulating comprehensive and just legislation but did not suggest how this end might be achieved.

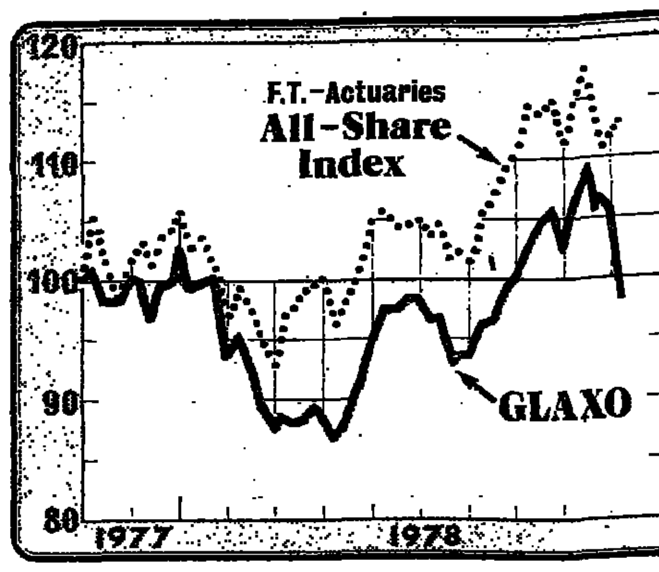
More constructive thinking may emerge at the end of next week when the council meets to discuss its reaction to the White Paper. Sir Alexander Johnston, deputy chairman of the council believes that it will propose certain modifications to the Government's proposals.

The Takeover Panel has already said that it will suggest changes when it meets the Department of Trade, while Mr. Nicholas Goodison, chairman of the Stock Exchange, has said that current legislative proposals are inadequate.

The CSI's statement says that it would be a strong deterrent to have insider dealing classed as a criminal offence but stresses that legislation should *not* discourage directors from holding shares in their own companies or frustrate institutions from taking an active interest in companies in which they have invested funds.

Legislation "must catch the miscreants but not penalise those engaged in useful activities," says the CSI. "An all embracing and undiscriminating prohibition would cause injustice in individual cases."

Glaxo's product gap



Glaxo's figures disappointed the market late on Tuesday, and by Wednesday evening the shares had fallen nearly 50p from the 632p ruling before the figures were published. Pre-tax profits for the year to June 30 were £86.4m, slightly down from the £87.0m of 1976-77 and around £7m less than what had generally been expected.

Glaxo has traditionally grown in fits and starts as the result of the long periods of time necessary to establish new drugs in the world market. This time there is a rather embarrassing gap as the company's older products are showing only modest volume growth and it may be another year before its two new hopes, Trandate and Zinacef, are earning substantial profits.

Trandate is a blood-pressure reducing drug which has been performing well in the year since its launch, but its contribution to overall profits is still insignificant. The antibiotic Zinacef has only just been marketed.

The last year's trading has also been marked by some squeezing of profit margins, particularly in the broad-spectrum antibiotic field and in wholesaling, where Glaxo operates through its subsidiary Vestric. The group is rich in cash but short-term liabilities have increased by over £30m with the early repayment (through short-term borrowing) of a D-mark bond, and the acquisition of Meyer Laboratories in the U.S. At the same time research spending is having to be increased: all in all the results underline the problems, rather than the undoubted high rewards, of the drug business.

Loophole plugged

The Treasury has finally boarded up a sizeable hole in its dividend controls. No longer will a scrip issue of fixed interest shares be a valid way of boosting shareholders' income. The Treasury has decided that any issue of preference shares or loan stocks at less than the full value will mean that the dividends or interest payments on the new shares will have to be set against the amount paid on the ordinary shares.

Desoutter Brothers started the preference ball rolling 18 months ago and there has been a steady flow of issues ever since. The attractions of a pref scrip was that it enabled controlling interests to get money out of the company without losing voting control while at the same time outside holders received a good boost in income. The preference shares could be sold or placed and the Inland Revenue treated the proceeds as capital gains and therefore subject to tax of 30 per cent. This was ideal for controlling directors and their families. If the new shares were retained, an increase in income of 40 to 60 per cent was common.

Why the Treasury should clamp down now after so many scrips have gone through is a moot point, but Campari's cheeky attempt to issue 2p shares with a 10p dividend—a staggering 500 per cent coupon—was probably the last straw.

But Campari shareholders have missed out. The Treasury is taking the line that any scrips already passed by a shareholders' meeting will be allowed to stand without damage to the ordinary dividends. Campari has not had its meeting and neither has Barr and Wallace, Startrite or Bejam. All these companies have had to withdraw their proposed issues.

Both Campari and Bejam have seen their shares suffer since the Treasury's announcement. Campari is trading 10p lower at 104p and Bejam is 5p down at 59p, while Barr and Wallace's share price of 162p compares with the 175p reached after buoyant half time figures were released on Tuesday.

THE TOP PERFORMING SECTORS IN FOUR WEEKS FROM SEPT. 14

	% change
Electricals	+1.3
Engineering Contractors	+0.2
Textiles	0.0
Oils	−1.1
Mining Finance	−1.2
Household Goods	−1.3
THE WORST PERFORMERS	
All-Share Index	−4.4
Toys and Games	−6.9
Pharmaceutical Products	−7.0
Banks	−7.3
Insurance (Life)	−7.4
Insurance (Composite)	−8.0
Contracting, Construction	−8.5

Toy Bonanza

Toytown is booming. For the first time in about four years Britain's small band of toymakers are enjoying a period of real growth, and the signs are that 1978 will be a record year.

During 1977 retailers were a little nervous about stocking up during a period of low consumer spending and a late Christmas rush cleared their shelves. This year, consumer spending has been at record levels and there has been a rush to stock up again.

Traditionally, the pattern is usually the same—a slow start to the calender year and then a sharp build-up to the vitally-important Christmas season when Santa Claus kindly buys up around 50 per cent of annual production. This year, however, orders are being placed a little earlier than usual.

This week Britain's two main die-cast toy manufacturers announced their interim results. For the first 24 weeks of 1978, Lesney Products' sales jumped by more than a quarter after stripping out acquisitions while Mettoy's turnover was 13 per cent higher for the first 36 weeks. Both companies are more than usually optimistic about Christmas trading. However, whereas Lesney has been able to build up stocks, Mettoy's production capacity is stretched to the limit and it will have difficulty in meeting orders. On the other hand Lesney will have to contend with reduced currency gains and a much higher depreciation charge, reflecting the £4m expenditure programme last year. Nevertheless, the prospects are excellent, and outside estimates for the full year suggest a 25 per cent profits rise to £10m for Lesney and a 40 per cent profits rise to nearly £4m for Mettoy. But since the beginning of the year the toys and games sector has only performed marginally better than the FT-A-500 Share Index.

NEW YORK
JOHN WYLES

JUST WHEN the stock market seems in a mood to roll up its sleeves and get down to some productive buying in anticipation of a Capital Gains Tax cut and good quality third quarter corporate profits, there is recession talk in the air. This is an unpleasant distraction at a time when investors appear ready to concede the wisdom of the Federal Reserve Board's pushing up short term interest rates in a bid to rein in monetary growth and lower the inflationary prospect. Certainly for much of this week the stock market has leaned towards a benign view of the economic environment.

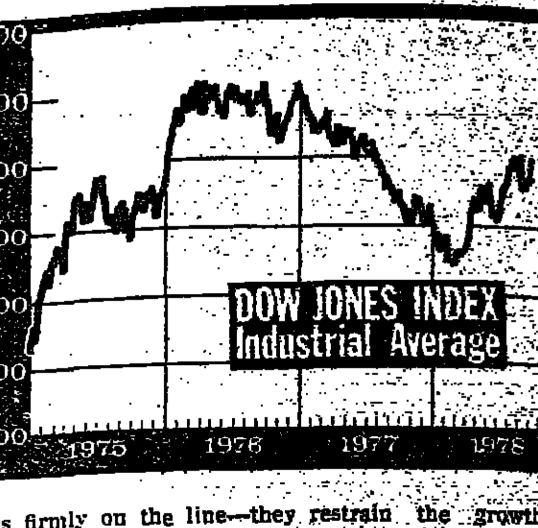
Monday and Wednesday were both semi-public holidays, the one Columbus Day and the other the Jewish festival of Yom Kippur, and those investors not celebrating took the opportunity to do some hefty buying. With third quarter corporate results beginning to flow, the market found it difficult to ignore the fact that some famous names are doing extremely well indeed. Eastman Kodak, for example, whose earnings have seesawed in the last four years, but never exceeded the record of 1973, reported a healthy surge in third quarter net income and is now well on course to establish a new earnings level.

Computer and office equipment companies are also having an excellent year and NCR cast a beam of sunlight through the New York Stock Exchange on Wednesday with a 68 per cent rise in net earnings. Yesterday IBM, the great stock market leader posted an 18 per cent rise in net income after two preceding quarters of extremely modest gains.

Yet others think the bubble of economic recovery may soon burst because of inflationary pressures for which the Federal Reserve Board is being held largely responsible. The latest edition of Merrill Lynch's bi-monthly investment strategy suggests that the Thundering Herd is now distinctly bearish for the firm is unequivocally asserting that "we now believe that the economy will slip into a recession early in 1979." Messrs. Richard J. Hoffman and Steven Resnick, Merrill's two investment strategists put themselves firmly on the line—they see a 2.5 per cent annual rate decline in real economic activity in the first quarter of next year and a rate of just under 1 per cent in the second quarter.

Mr. Walter Wriston, the influential chairman of Citibank, differs with the Merrill analysts only on timing. He was quoted today opining that "We'll certainly get a recession in 1980. It's baked in a cake." In common with most Wall Street economists, Mr. Wriston was extremely critical of the Federal Reserve Board for failing to restrain the growth of the money supply.

These prophecies of recession will throw into sharper relief the activities of the Federal Reserve Board over the next three months. Commercial banking prime rates moved up to 10 per cent yesterday in partial reflection of the Fed's upward push on short term interest rates.



Monday	893.19	+[illegible]
Tuesday	891.63	−[illegible]
Wednesday	901.42	+[illegible]
Thursday	896.74	−[illegible]
Friday	897.09	+[illegible]

Beyond the glister

MINING
KENNETH MARSTON

INTEREST HAS been bubbling along merrily in the world of mining and minerals this week, broadening out from gold and platinum—which have reached new record prices—into diamonds, base metals and the construction industry materials.

The last-named area is of notable importance these days to London's **Consolidated Gold Fields** whose **Amey Roadstone** subsidiary has announced a 75 per cent advance in pre-tax profits. This has been mirrored in the results issued by the parent for the past year to June 30 which show net profits of £34.5m equal to 25.15p per share, up from £25m in the previous year.

Gold Fields' policy in recent years has been one of lessening its dependence on South Africa in general and on gold in particular. The policy has paid off in the past year with revenue from the construction materials side rising to £30.3m from £17.7m.

Of the non-gold mining operations, the **Renison** tin mine in Tasmania has again done well while the loss-making **Gunpowder** copper mine in Australia and the Cornish **Wheal Jane** tin mine have been closed, the latter requiring a provision in the latest accounts of £11.9m.

Gold Fields' industrial operations have done well, thanks to the UK **Alumase** operation, which has raised the sales of its aluminium beer containers and dispensing equipment, and to the U.S. **Azcon** which has enjoyed better markets for its steel business.

Even so, gold still plays a vital role in the group's fortunes via the 46 per cent.-owned **Gold Fields of South Africa**. During the past year gold was mainly responsible for the rise in dividend revenue to £16.3m and it is clearly going to make a larger contribution in 1978-79.

The construction materials side cannot be expected to stage another strong advance, but at the very least earnings from this source should be maintained. Overall, therefore, Gold Fields should be able to report a further rise in current year's profits.

Although Gold Fields is cushioned to a fair degree from any major setback in South Africa, such an occurrence would still have an impact on the share price. On the other hand, if all goes well and bumper gold dividends are received, UK dividend limitation precludes the company from passing on the full benefits of this to its shareholders. At least, they can expect the current dividend of 9.1921p net to be further raised by the permitted maximum in the current year.

Meanwhile, the group's South African gold mines have issued their reports for the September quarter. As I explained last week the latest profits are not strictly comparable with those for the June quarter because revenue in the latter period was given a once-for-all boost by the change in the method of paying the mines for their gold.

The effect has been that whereas the market price of gold averaged about $178 per ounce in the June quarter, the "bonus" payments received by the mines in that period resulted in them getting the equivalent of around $206. During the September quarter they have received a normal market-related price which has averaged $200.

Depending on the timing at which sales are made, the average gold price received in any given quarter by individual mines varies quite widely. But, as expected, profits for the latest three months are lower than those of the exceptional June quarter. In the main they still amount to good earnings, especially in the case of **Kloof** and **West Driefontein**, but sharper falls have been registered by the more marginal **Doornfontein** and **Venterspost**.

Moving to the fascinating search for diamonds in Western Australia we come to the latest quarterly progress report issued on the Ashton venture in which **Conzic Riotinto of Australia** has a 52.6 per cent stake with the new **Ashton Mining** holding 22.4 per cent, **AO (Australia)** 4.6 per cent, **Tanganyika Holdings** 8.4 per cent, **Sibeka** 7 per cent and **Northern Mining** 5 per cent.

CRA announces that the joint venture's sampling programme has recovered 250.18 carats (there are 142 carats to the ounce) of diamonds in the period from start-up on August 1 to end-September. The largest diamond so far recovered weighs 5.7 carats, but it is not stated whether the stone is of gem quality.

The diamonds so far found are a mixture of gem and industrial qualities, but the proportions are not disclosed and CRA says that the extent to which the kimberlite diamondiferous "pipes" contain gem diamonds cannot yet be determined. A total of 26 pipes covering 599 hectares has been discovered.

These are early days. CRA is sitting on a huge area that has been shown to contain diamonds. But it remains to be sen whether they are in sufficient concentration in any part of that area, and to be of a sufficiently good gem quality, to justify a mining operation.

Only time and a good deal more work is going to provide the answer. All that can be said at this stage is that the early results obtained are highly encouraging and allowing for the fact that CRA is taking a cool and conservative line—there could be no reason for the group doing otherwise—the tenor of the official statement barely manages to hide an undercurrent of excitement.

Moving to Western Australia we come to the **Yeelirrie** uranium prospect of **Western Mining**. Sir Arvi Parbo, the company's chairman, still hopes that approval for its go-ahead will be given by the Australian Government by the end of this year.

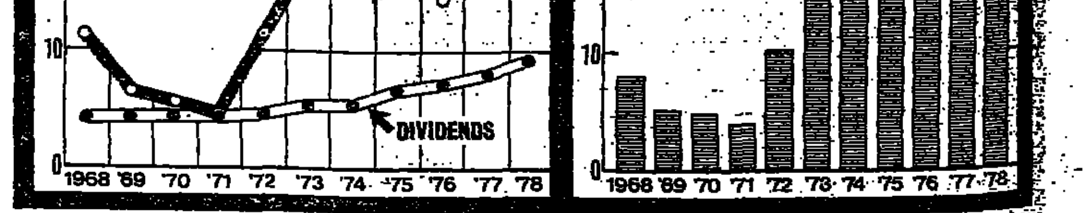
It might thus be the first of the country's big uranium ventures to get the go-ahead, beating the previous favourite, the Ranger deposit of **Peko-Wallsend** and **EZ Industries**, which is still bogged down both by the lack of an agreement with the Aboriginal people and the big wet season which is about to start and will last until after next April.

Nickel remains the basis of Western Mining's fortunes and although the company is one of the few to make a profit from this metal, its earnings for the year to last June dropped by rather more than a half to A$10.1m (£5.9m). Sir Arvi holds out little hope of an improvement in the nickel market in the short term, but he remains confident of Western Mining's prospects in the longer term.

Apart from the long-awaited recovery in nickel and the anticipated new income from uranium, the company also has its big copper-uranium prospect at Roxby Downs in South Australia—"the more we drill, the bigger it is getting." Add the background of Australia's improved mining-political relationship and it is not difficult to understand the chairman's confidence.

Finally, it is worth noting that **NV Noordwinning K/13**, in which **Amax** is a participant, has brought on stream a third gas field in the Netherlands sector of the North Sea.

This is good news for **Selection Trust** which holds 8.2 per cent of Amax. Income from K/13 provided £2.08m of Selection Trust's pre-tax revenue of £26.6m last year, so the fact that the new gas field is expected to double the previous rate of gas delivery should mean a useful increase in income to the London company.



MARKET HIGHLIGHTS OF THE WEEK

	Price Y'day	Change on Week	1978 High	1978 Low	
Ind. Ord. Index	496.2	− 6.8	535.5	433.4	Doubts about future pay policy
B.P.M. Hldgs. A	68	+12	68	46	Annual profits above expectations
Cartiers	94	+10	96	71	Interim figures due shortly
Common Bros.	148	+18	200	112	Persistent speculative interest
Danks Gowerton	133	+22	133	66	Scrip issue proposals
Empire Stores	180	+10	190	136	Satisfactory interim figures
Glaxo	570	−57	648	515	Disappointing annual results
Grattan Warehouses	109	−21	150	102	Disappointing interim figures
Hill (C.) of Bristol	90	−10	117	85	Heavier loss/ int. div. passed
Lee Cooper	163	+18	165	76½	Better-than-expected int. figs.
Marchwiel	119	−23	166	109½	Lower first-half profits
Midland Educational	220	+45	225	77	Counter bid from Lonsdale Univ'l.
Mowlem (J.)	118	−16	141	108	Interim profits disappoint
Reed Intl.	178	+16	178	102	Sale of Reed Consolidated Inds.
Ricardo	357	+43	357	87	Earnings potential
Saint Piran	71	+ 8	71	49	Speculative buying
Sirdar	88	+14	88	50	Good annual results
Victor Products	272	+22	272	82	£1½m ECSC funding news
Wallis	80	+12	83	11½	Demand in thin market
West Rand Cons.	142	+26	178	78½	Uranium deal with Gold Flds. Props.

U.K. INDICES

Average week to	Oct. 13	Oct. 6	Sept. 29
FINANCIAL TIMES			
Govt. Secs.	69.60	69.87	70.08
Fixed Interest	71.72	71.73	71.94
Indust.Ord.	505.1	504.7	506.3
Gold Mines	166.4	170.0	174.0
Dealings mkd.	4,715	4,723	5,128
FT ACTUARIES			
Capital Gds.	245.52	244.68	245.94
Consumer (Durable)	218.14	215.53	215 13
Cons. (Non-Durable)	217.24	215.73	216.05
Ind. Group	230.19	229.36	229.70
500-Share	254.03	252.83	252.89
Financial Gp.	166.48	164.87	166.44
All-Share	231.44	230.03	230.60
Red. Debs.	57.51	57.71	57.61

METALS
JOHN EDWARDS

IT HAS been a week of records in the London Metal Markets, which have come to life with a vengeance. Record prices have been chalked up by gold, platinum, silver and tin, but even they have been outdone by a spectacular rise in the lead market from £369 to a near record £433 a tonne in the space of a week. The rises in gold and other precious metals reflect the renewed uncertainty in the foreign exchange markets and particularly the fall in the value of the dollar. And this has also been a major influence in the other metal markets. Investors, or perhaps more properly speculators, have increasingly turned to raw materials as a protection for their funds during times of crisis for "paper" money.

But currency uncertainties have not been the only influence pushing metal prices up. There have also been some genuine supply-demand developments behind the sudden upsurge, particularly in the case of platinum, lead and tin.

Platinum prices have shown an astonishing increase this year. At the beginning of January the "free market" — that is platinum not controlled by the major South African producers — has moved up from £96 an ounce to the present level of over £160. In dollar terms the $300 an ounce mark has been breached for the first time ever.

It has been quite a contrast with last year when platinum prices were driven lower and lower by poor demand, so that the producers were finally forced to cut back output. Undoubtedly these production cutbacks, which have yet to be restored, helped reverse the trend. But since then the market has been pushed higher and higher by the withdrawal of the Soviet Union as a seller, apart from its contractual supply commitments, and continued heavy buying by the Japanese.

The major uncertainty now is when the Russians will decide to start selling again. Officially the Russians say they need the platinum for making commemorative medals and coins for the Moscow Olympic games. But some traders feel there has also been production problems.

The Russians have also been largely responsible for the sudden upsurge in lead, and to a lesser extent in tin, on the London Metal Exchange markets. Heavy Soviet Union purchases of lead seem to have caught the Western world consumers by surprise, and there is an acute shortage of supplies of lead available at present. Traders have been warning for several months that the cutback in lead production, as a result of reductions in output of its "sister" metal zinc, would start affecting supplies, particularly as scrap supplies have also been hit by the lack of investment in new machinery and construction. But prices remained depressed by the apparent lack of consumer demand until suddenly it was found that a large proportion of the stocks held in the London Metal Exchange warehouses, especially the good brands, had been bought up and were committed for shipment out, creating a "squeeze" on the market. So prices shot up, before coming back slightly on profit-taking.

Consumers have been similarly caught in the tin market. They held off buying during the summer months in the hope that the U.S. Administration would manage to push through Congress a Bill to authorise the release for sale of over 30,000 tonnes of tin from its strategic stockpile. This release would more than make up for the deficit in production against demand this year estimated at between 5,000 to 10,000 tonnes.

The tin stockpile Bill was delayed much longer than expected, although there was news yesterday of a fresh attempt to approve releases which brought tin prices tumbling down. But in the meantime buying by the Soviet Union and Japan reduced supplies available to a minimum and forced prices in London and Malaysia to record levels.

Copper and zinc values have moved up strongly too in recent weeks following the trend in other metals, and some reduction in the surpluses that have so far kept their prices well below the cost of production.

It is normal to have a resurgence of buying interest in metals once the summer holiday months end and consumers study their order books and requirements for the months ahead. If despite the gloomy prediction of the economists the present trend continues in metal prices the UK and US governments will have an even more difficult fight on their hands against inflation. A fact already recognised by speculators.

GOLD
MICHAEL BLANDEN

WHEN THE VALUE of paper currencies is in doubt, people still turn to gold. This lesson has again been driven home this year when, in spite of the efforts of the U.S. and the International Monetary Fund to reduce the role of the yellow metal as a monetary instrument and a store of value, the price has continued to rise to record levels as a result of the unrest in the currency markets. Yet its sharp gains have begun to prompt fears that the market will suffer a sharp reversal if speculative pressure is reduced for any reason.

The performance of the gold price has taken it to levels substantially exceeding the previous peaks reached in the period of euphoria which ruled towards the end of 1974, in anticipation of substantial demand from residents of the U.S. when they were allowed to hold bullion. And it is arguable that the demand which took the price above the $200 an ounce mark in August and has this week pushed it up to over $227 is considerably better based than in the last boom period.

One important factor is that the demand for gold has been associated specifically with the continued weakness of the U.S. dollar in the foreign exchange markets. This pressure has reflected the uncertainty in the market aroused by the substantial U.S. balance of trade deficit and by the signs of a renewed upsurge in U.S. inflation rates this year.

The flow of funds out of the dollar has moved into a number of other outlets as well as gold. The pressure on the U.S. currency has, for example, contributed to the strength of the platinum price which, with reduced sales from Russian sources and increased speculative demand, has been pushed up to record levels. It has also been reflected in the sharp rise in other leading currencies including particularly the West German D-mark and the Swiss franc. The gold price is normally expressed in dollars, but in terms of other currencies its gain has been much less dramatic; in relation to the Swiss franc, for example, the price is still well below the levels reached in 1974 and 1975.

The fundamental equations of supply and demand in the gold market have not essentially changed. But there have been two important developments which have swung the balance in favour of the gold bugs. One is the ability of the market to cope with the continuing flow of metal from official holdings. It is one of the special characteristics of the gold market that the existing hoards, in official and private hands, outweigh by many times the volume of new production.

Even modest sales from the official holdings, therefore, can upset the balance of supply and demand completely. And the prospect of a continuing flow of sales from the holdings of the International Monetary Fund—currently running at around 525,000 ounces a month—was one of the main factors which brought about the setback after the enthusiasm of 1974.

By now, however, the market has learnt to live with this addition to the supply. This year, moreover, it has taken in its stride with only brief pauses for consideration the addition of sales from the Indian official holdings, aimed to cut down the illegal import of the metal, and particularly from the U.S. When the U.S. Treasury announced in August that it was stepping up the level of sales for the six months from November to February to 750,000 ounces a month compared with 300,000 ounces during the previous six months, the market received a sharp setback. But even this proved only temporary, and the price has moved on to new peaks since then.

The ability of the market to absorb these outflows from official holdings has been related to the second main change which has taken place. This is the continuing pressure on the dollar. Gold traditionally gains attractions for hoarders and investors at times of currency uncertainty. And the fact that [illegible] currencies the price has not risen nearly as sharply has meant that the basic demand for gold for industrial uses has not been hit as seriously as it might have been by the rise in the price.

For much of this year, the influence of what can be regarded as purely speculative demand on the market appeared to be proportionately less than in the 1974 boom.

The amount of speculative pressure required to push the price higher, therefore, has been great, and the sustained pressure on the dollar has appeared sufficient to maintain interest in gold.

YOUR SAVINGS AND INVESTMENTS 1

Consumer complaint

ONE OBJECTIVE of the self-regulation of insurance brokers through the registration process was to establish an official channel for consumers to lay complaints against brokers which could be investigated — and the necessary action taken if proven. This week the official machinery to handle complaints was set up through a further batch of orders made under the Insurance Brokers (Registration) Act 1977.

The first order sets up the Investigating Committee. The composition of this Committee will include the chairman of the Registration Council and not more than 14 members appointed by the Council, at least two-thirds of whom must be members of the Council. But there must be at least three members of the Committee who are not insurance brokers.

At first sight, it looks as if it will be a waste of time making a complaint, so heavy is the bias towards brokers. But it has to be remembered that in many complaints technical expertise of insurance will be necessary in order to deal with the inquiry. Too many non-brokers could lead to poor handling of a complaint through lack of knowledge. It would have been preferable to have

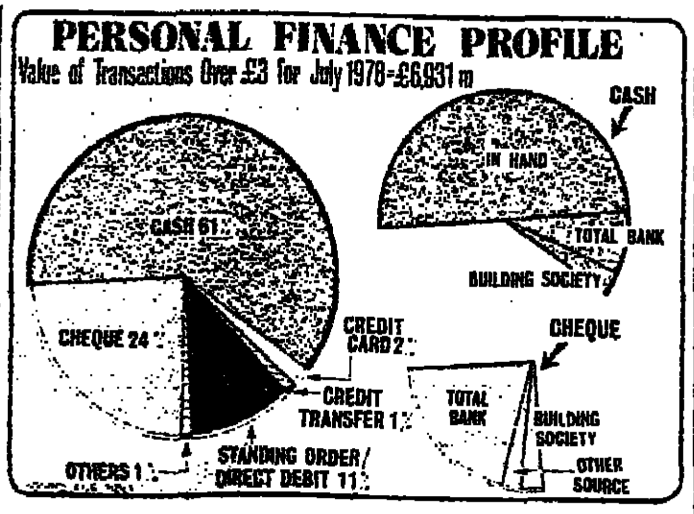
BROKERS
ERIC SHORT

had a 50-50 split of the Committee between brokers and non-brokers. Still, only time will tell whether the brokers appointed can act like Solomon.

If the committee feel that a complaint is justified and there is a prima facie case of professional misconduct, then the matter will be referred to a Disciplinary Committee. Another order sets up this committee and lays out its powers. These include the ultimate punishment of deregistration, which under provisions of the Act means that the individual concerned could no longer trade as insurance broker. Again the composition of the committee is heavily biased towards brokers. But the third order, which sets out the procedures for the operation of the Disciplinary Committee, ensures that all will follow normal procedures of British justice.

However, the British Insurance Brokers Association hopes that consumers with a complaint against any member of the BIBA will use the Association's unofficial channels before making a formal complaint. It feels that in the vast majority of cases it will be able to resolve the problems with a minimum of delay

PERSONAL FINANCE PROFILE
Value of Transactions Over £3 for July 1978=£6,931m



How we spend

CREDIT CARD companies have only managed to scratch the surface in changing our spending habits. Unlike our American cousins, we remain a cash-orientated society.

These conclusions have emerged from new market research information on personal finance and discretionary spending, provided by AGB Research, Britain's only publicly-quoted market research company.

AGB has just launched its new service—Index—at a cost of over £600,000, more than any other market research project undertaken in the UK. Its first consumer spending profile is for the month of July—which AGB says is traditionally a low-spending period.

Index's message for credit card companies, such as Barclaycard, Access, American Express, and Diners Club is that they are only used for 2 per cent (by value) of all transactions over £3.

So much for the fable that credit card companies have produced a move towards a cashless society. Index, which will follow up its service on a monthly and quarterly basis, reveals that no less than 61 per cent of payments are still made in hard cash.

Nearly a quarter of payments are made by cheque, with an additional 11 per cent of transactions being made by direct debit/standing orders. Building society withdrawals by cheque account for 2 per cent of the total, and withdrawals of cash for a similar amount.

Savings took 11 per cent of payments in July. Half of those savings went into building societies, about 20 per cent into bank deposit accounts, about 15 per cent into National Savings Certificates (which probably reflects the increase in the limit on holdings). The balance went into premium bonds, etc.

The discretionary spending profile also reveals that housing, fuel and light accounted for 24 per cent of payments, transport travel, and holidays 17 per cent: food groceries and

CONSUMERS
ARNOLD KRANSDORFF

general expenditure 18 per cent; household/DIY (including furniture) around 7 per cent; clothing about 6 per cent; and all forms of insurance 4 per cent.

Index also discloses that the country's top nine retail groups accounted for 20 per cent of payment by volume (the number of transactions) and 11 per cent by value.

The total value of transactions over £3 is put at £6,931m for July. AGB estimates that this figure represents about 75 per cent of all expenditure.

Index data is collected by a panel of more than 11,000 members who keep a diary and fill in questionnaires. AGB plans to be able to provide the information four weeks after collection.

Strong arm of the law

IT SEEMS squatting should never be taken lightly.

After last week's look at this once fashionable occupation, an extremely irate Surrey solicitor has entered the fray.

And what Mr. John Davidson said about the Automobile Association, which since the beginning of the year has offered holidaymakers cover against squatters through its five star insurance policy, is not particularly complimentary.

This part of the AA policy, you may remember, provides hotel accommodation up to £25 per person per week up to 25 weeks, up to £500 per home to repair damage, and reasonable legal fees. All this up to an individual ceiling of £1,250.

SQUATTERS
TIMOTHY DICKSON

Mr. Davidson's point is perfectly straightforward. Most of the provisions of this cover, he says, should never be needed.

Have we, he fumed, never heard of the Criminal Law Act of 1977?

This recent and comprehensive (but complicated) bit of legislation, in fact, gives a uniformed constable the power immediately to arrest squatters or enter (if need be, by force) premises on behalf of a "displaced residential occupier."

If a householder, he says, has immediate recourse in law, why should he (or she) need to spend half the year in a hotel, and why should legal expenses be incurred?

The AA does concede that one or two details of the cover are now "under review," though little, if anything, is likely to be changed.

It argues, meanwhile, that uninvited guests may wreak terrible vengeance

It further adds (and this is endorsed by independent legal opinion) that the police in these matters are often reluctant to act promptly.

On the question of legal expenses, the AA agrees that a case would be unlikely to go to a civil court because of the powers of the Act.

The Association points out however, that people may go to their solicitor if they don't realise that the law will do the trick straight away. Our readers, of course, do know that now!

The most concise, if not strictly analogous point, is made by the Lord Chancellor's office, which points out that the law provides every protection against theft as well—but we still insure against that evil.

Decimal deceit

LAST WEEK we got our conversions into pre-decimal currencies wrong—the equivalent of 25p is 5/- and 30p is 6/-. Apologies. It would seem that one actuary has been completely brainwashed over decimalisation, in contrast to his wife, who still assesses values in shillings and pence!

Looking at the lock-away investments

I WAS talking recently to the managers of one of the investment trusts whose policies are discussed below; and they said that they thought their shares would make an excellent lock-away on a 10 year view. Well, quite apart from the merits of that particular recommendation, it set me wondering just what one would buy if one were looking for appreciation over such a period.

I ought, first of all, to enter a caveat. I don't believe that anyone should put their money into a specific form of investment and then forget it for the next 10 years. There are just too many things that can change—for the worse, or for the better—in the meantime. Being in a position to take advantage of those changes is most of the secret of successful investment.

That said, however, there are certainly circumstances in which you might want to invest on a 10 year view—if you were providing a nest egg for a godchild, say: and there are also circumstances in which you might feel that you have made such an investment without ever consciously intending it. We all know of people who put their savings int the building society a decade ago, on the view that this was a safe temporary home for their money, and never got around to taking it out again.

Granted that they've had a high (though taxed) return on that money over most of the intervening period, for half of it at least it's been a negative return. And, to go by the movement of the Retail Prices Index in the meantime, the real value of their capital—its purchasing power — has been reduced by more than half.

In looking at lock away investments, let us start with the assumption that income is not important, and that the object of the exercise is to produce an increase in capital value—an increase in capital sufficient to maintain your purchasing power, at any rate, and preferably sufficient to increase it to provide you with a real return on your money. It has to be said at once that there is no certain way of securing the value of your capital against the ravages of inflation—other than by buying the index-linked issue of National Savings Certificates if you are of retirement age; and unless you've an income sufficient for your needs, by the time that you qualify an income-producing investment almost certainly ought to take a higher priority.

The best approximation to the index-linked certificates, for anyone who is of less than retirement age, is the index-linked Save as You Earn

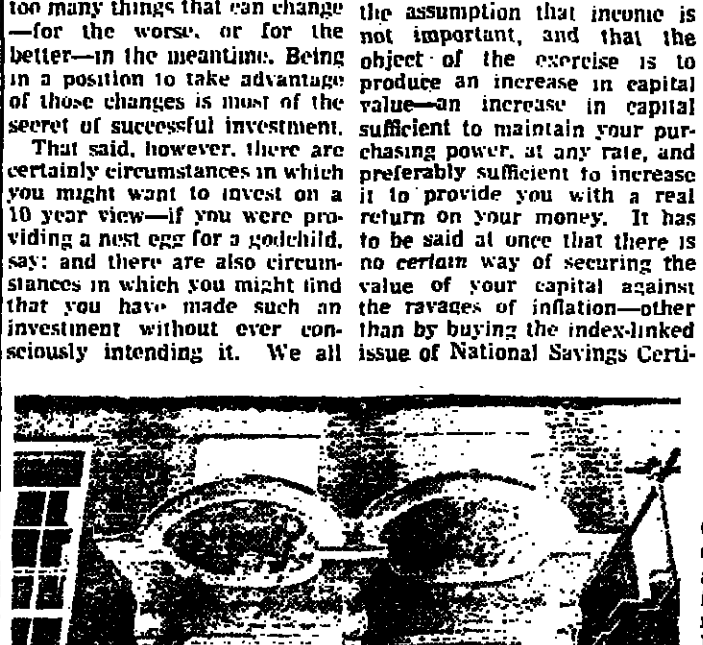
INVESTMENT
ADRIENNE GLEESON

scheme run by the Department for National Savings. Strictly speaking this is a home for savings from income, but it's perfectly possible to invest a capital sum by way of a building society-linked investment: you put your money on deposit, and the income and capital are withdrawn, month by month, to put into the SAYE investment.

Your commitment under such a scheme is a minimum of five years, and up to seven if you decide to leave your money in for an extra two years of index-linking and a terminal bonus. You can take the cash out in the meantime, but in that case you'll get interest at six per cent tax free (from the end of the first year) as opposed to the benefits of index-linking — attractive enough at the moment, perhaps, but not for long if the upward pressure on interest rates continues. The snag to this scheme is, of course, the time lag between your decision to deposit capital and investment of the last of it in the index-linked vehicle: over that period the money that you have on deposit is going to be vulnerable to inflation, and the rate of interest that you get won't necessarily compensate. Still, though it isn't certain it is safe, which is more than you can say for most of the other forms of inflation hedge.

This apart, the choice before you lies between the purchase of real assets, in some form, and a decision to take a flyer on a fixed interest investment. It's a flyer because you don't know what the rate of inflation will do in the meantime. For example, you might decide on Transport 3 per cent, 1978-88, or Treasury 5 per cent, 1986-89, in the knowledge that you'll have a 50 per cent plus increase in the capital value of your investment, free of capital gains tax, to look forward to within the next 11 years: but that's not going to be much of a consolation if prices in general rise by 100 per cent.

"Real" assets have in the past proved to be a much better investment in inflationary times—particularly those real assets whose supply cannot increase: assets like land, some forms of art and (to a lesser extent) the precious and semi-precious metals and stones. The alternative, of course, is to put your money into shares—but not into individual shares: not if you're planning to stash your certificates away and forget them for a decade. If you don't want to manage them yourself, let someone else do it for you. Buy a trust—which is where we came in.


Hugh Routledge

Chasing smaller companies

ON THE left you see the entrance to the noble (well, at any rate 18th century) halls from which F. and C. management conduct their business. F. and C. has been going, originally as Foreign and Colonial, since the third quarter of the last century: and at the moment, in addition to a certain amount of pension fund money, they have five investment trusts under management. mong them is Foreign and Colonial itself, one of the giants of the sector with net assets not far short of £200m and a portfolio of blue chip shares; and, at he other extreme, Cardinal, which has a specific policy of investing in smaller companies.

F. and C.'s views on investment in smaller companies are worth hearing. In principle they accept that investment trusts are a perfect vehicle for such investment, since their nature means that such holdings are never going to have to be sold to meet redemptions from unhappy investors. In practice they find that an enormous amount of time can be absorbed in identifying the companies whose shares are worth buying. It's a sentiment echoed by other managements who aim to invest a certain proportion of their portfolio in such smaller companies: even the managers of trusts such as EDITH (Estates Duties Investment Trust) who take it as their *raison d'être*.

Nevertheless, it's an investment of this kind that the trusts may find their salvation—particularly now that recent budget changes have to a large extent removed the handicaps under which gross funds laboured previously when they decided to put their money into investment trusts shares rather than buying them and their portfolios outright. What the fund manager of such an institution ought to get when he buys investment trust shares is gearing and a degree of specialist expertise that he can't or doesn't wish to achieve within his own organisation. Well, the gearing is running off, and isn't likely to be replaced in the short-term—particularly not if interest rates rise. So their investment expertise is the distinctive asset that trust managements have to offer.

Their problem is that a number of the institutions — and notably the nationalised industry pension funds—are trying to build up a comparable expertise themselves. Pace Wilson, anyone who makes a policy of investing in small and promising situations will tell you, at the moment, that there is just too much money chasing too few opportunities.

YOUR SAVINGS 2

Service charges

BY OUR LEGAL STAFF

I recently bought a flat and have now received from the agents a request to pay service charges of over £600 for the years 1973. 1975 and 1976.

The contract was the Law Society's Contract for Sale (1973). One of the special conditions was: "The receipt for the last rent accrued due previous to the date of actual completion shall be accepted as conclusive evidence of the performance and observance of all the covenants and conditions on the part of the tenant contained in the lease."

Bearing in mind the above, is the vendor (who was the tenant in the years 1973 to 1976) liable to indemnify me against any service charges I may have to pay to the landlords for periods prior to completion?

Second, in the service charge accounts for the year 1976, there is included a sum of £6,456.20 for external decorations. Do you think S.124 of the Housing Act, 1974, could be applicable to this sum?

Third, the lease provides that as soon as practicable after the expiration of an accounting period, the agents shall serve on the tenant a certificate showing the service charge payable for that period. Can the agents serve such a certificate relating to 1973 or 1974 (or even 1975 or 1976) now?

If you are obliged to pay the service charges, your vendor would be liable to indemnify you. We cannot tell without the relevant terms of the lease, whether you are so liable. You should inquire of the solicitors who acted on your purchase why the position as to service charges was not resolved before completion. It seems likely that Section 124 of the Housing Act, 1974, applies—however that section is so badly drafted that it is difficult to know what effect, if any, the section has. It is very doubtful if you can reply on that section to any good purpose. Your last point may prove more effective, but much will depend on the facts of the case. We think your best approach is likely to be along the lines of your not being a contractual tenant of the landlord and not being liable for charges relating to a period before you became tenant (if the wording of the lease does not prevent such an argument).

Separate assessment

In September 1976 I married a lady of independent means, and in March this year I applied for separate assessment for income tax. This precipitated a demand from the Tax Inspector for returns in respect of previous years. I have told him that I have no means of obtaining any information as to my wife's financial affairs, past or present. In the meantime the Inspector is deducting PAYE on an "OTT" basis, ie at the standard rate on my gross salary. If he refuses to allow separate assessment for the years 1976/77 and 1977/78, what am I to do?

There is no real problem for 1976-77, because your wife's income does not have to be aggregated with yours for that year (because of section 36 of the Finance Act 1976).

For 1977-78, the time limit for claiming separate assessment was July 6, 1977, and Parliament has not given the Inland Revenue any discretion to accept late claims (unlike claims for separate taxation of a wife's earnings, where Parliament specifically allowed the Board to exercise their discretion over late claims). However, although the inspector has no power to accept your late application for separate assessment under section 38 of the Taxes Act, he has power under section 40(5) to obtain much the same result as would have followed a valid claim under section 38, so there is no great cause for worry.

What puzzles us is that your wife's bank presumably knew of her marriage (since presumably she altered her signature to adopt your surname in September 1976), but yet took none of the consequent steps which one would normally expect of a prudent tax adviser—as far as we can tell from what you say.

The simplest way out of the muddle is probably for your wife to give her bank the address and reference number of your tax inspector, leaving the bank to put the two inspectors in touch with each other. If the bank does indeed appear to have been negligent, no doubt your wife will look for some measure of recompense for the resulting difficulties.

Licences and tenants

If two tenants share a furnished flat (without a resident landlord) each having his own bedroom but using in common the lounge/dining room, kitchen, bathroom and wc, entrance hall and garden and sharing the co st of of services and telephone; would the Rent Act apply? If not would you advise that the agreement be expressed and framed as a licence and for each licensee to have a separate agreement?

The sharing which you describe would not be sufficient to prevent the Rent Act 1977 from applying to the unshared accommodation, ie the bedrooms. A licence agreement clearly so expressed and not incorporating provisions which are characteristic of a lease is in any case eminently desirable.

Forfeiting a lease

I gave a mortgage and a long lease to a man for a flat which he has left and gone abroad, apparently to live. Another man now occupies it who says he is a relative. The lease says the flat must not be sublet without my permission. What do you advise?

You would be wise to consult a solicitor with a view to obtaining possession of the property by forfeiting the lease for breach of covenant. This is a complex area of the law and the precise terms of the lease must be carefully reviewed to ascertain whether there has indeed been a breach of covenant. You should not accept any payment of rent under the lease from any source until you have resolved the matter.

FINANCE AND THE FAMILY

Probate not necessary

Under my husband's will I am sole executrix and beneficiary of his very modest estate. He has a son by a former mariage, who is quite well off and who gives the impression that he does not altogether approve of these arrangements. I understand that it is not always necessary in small estates to obtain probate, but in the circumstances, would it be advisable to do so?

Provided the will has been executed in proper form there appears to be nothing to impede your becoming absolutely entitled to all the property which remains vested in your husband on his death. Whether there is sufficient in his estate to warrant your proving his will is a matter which can only be resolved after his death, but it may well be worth your while proving the will in order fully to set your own mind at rest.

Home for separated wife

Our house is at present under-mortgaged and I would like to increase the mortgage on it to raise the capital for a flat for my wife. Could I increase the mortgage on my existing house with my present Building Society to obtain the necessary capital and obtain tax relief on the increased sum, or also, if my present Building Society is unwilling, could I mortgage the total amount with another Building Society and still obtain tax relief on the total sum?

The answer to both parts of the question in your second paragraph is yes, in principle.

You will find guidance in a free booklet IR11 (Tax treatment of interest paid) which is obtainable from most tax inspectors' offices. The rules are complex, and there are pitfalls, so read the booklet carefully. You will find the points which principally concern you in paragraphs 9, 16 and 17 in part IIIA of the booklet.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Alice in the world of CGT

TAXATION
DAVID WAINMAN

ANALYSIS of association of ideas can tell a psychologist or psychiatrist rather more about the ideas-man than the subject often realises. Those of us who do not relish having our heads publicly shrunk are therefore somewhat chary of disclosing too freely our own associations —look what analysis has done for Lewis Carroll. Had his genius been less, "done for" would be the appropriate phrase.

With that preface, is it appropriate to admit that Alice herself has always seemed the correct association for the capital gains tax rules for chattels. The law appears at first so rational and logical, that its sideways shift into fantasy is a never failing surprise. Curiouser and curiouser, as Alice might have said.

Capital gains tax applies on the disposal of all assets, but there are three groups of exceptions. First, certain events, although in fact resulting in the disposal of assets are treated as not triggering off any chargeable gain. Death is the prime example of the non-event. Secondly, reliefs built into the structure of the tax eliminate liability on certain disposals, and thirdly there are specific assets which are exempted from the tax. It is in the area in which certain of these second and third exceptional categories interrelate that it is possible to wonder whether one wakes or dreams.

If a chattel is sold for less than £2.000 any gain is exempt from tax. If the proceeds are over £2.000, the gain is chargeable. But there is a tapering relief where the proceeds do not greatly exceed that amount. The gain is first computed in the normal way as the difference between proceeds and cost: then that first stage gain is reduced by the difference between itself and five-thirds of the excess of proceeds over £2,000.

Proceeds		**£2,900**
Cost		**1,200**
First stage gain		**1,700**
Chattel relief		
First stage gain	**1,700**	
Five-thirds of 2.900 minus 2.000	**1,500**	**200**
Chargeable gain		**£1,500**

It will be noticed that the outcome will inevitably be that the chargeable gain will be the lower of two figures, namely five-thirds of the excess proceeds, and the first stage gain. Because the latter depends on cost as well as proceeds, there can be no single level of proceeds which marks the point at which the relief ceases.

A chattel is, however, one of the assets which is completely exempted from tax if it is wasting. What is and what is not a wasting asset is complex. The starting point is that the asset must have a life expectancy of less than 50 years. Options are specifically excluded, and although leases of land start to waste when they have less than 50 years to run, the capital gains rules relating to them are different, and will have to form the subject of a separate article.

All plant and machinery is specifically deemed to have an expected life of less than 50 years. We are probably reasonably clear what machinery is, but plant means different things to different people. What it meant to Lord Justice Lindley was "whatever apparatus is used by a businessman for carrying on his business—not his stock-in-trade which he buys or makes for sale—but all goods and chattels, fixed or moveable, live or dead, which he keeps for permanent employment in his business."

That seems explicit enough. If one's business is managing a marina and also hiring out boats, this necessitating the use of a motor cutter for checking buoys and moorings and rescuing distressed mariners, then that cutter would undoubtedly be plant, and therefore a wasting asset.

Unfortunately, the Revenue recognise that taxpayers' lives would be too simple if the law stopped there. The marina manager's cutter is a business asset, and therefore despite being plant and wasting, it is specifically brought back inside the scope of capital gains tax. It seems reasonably clear that an identical cutter owned by someone who uses it only for pleasure not business is the asset which the legislators wished to take outside the capital gains tax. When the law was written, it seemed likely that boats would generate capital losses rather than profits. This was so even though a wasting asset computation requires that sale proceeds may have deducted from them only a "wasted" proportion of the asset's original cost. Exempting yachts looked like a good way of increasing the take of the tax.

In the looking glass world which we now inhabit, everything is reversed. Business use would make a yacht into plant, but that business use would also make it taxable. But contrariwise, a non-business yacht seems, because of that non-use, to be outside Lord Lindley's definition of plant. Therefore it can only escape tax if one can certainly predict its life to be less than 50 years. Even the experts are unwilling to make predictions about the staying power of modern construction methods. And those same experts would hesitate if our legislators were now to ask whether yachts are predictably profitable, or loss generating, assets.

07/10/78

YOUR SAVINGS AND INVESTMENTS 3

Household changes

PERHAPS LIKE many another house owner, you regularly have a look in the windows of your local estate agent to see how the value of your major investment is moving. If so you will not have been surprised to see this week's statement by the Nationwide Building Society on the change of house prices over the past 12 months. An average rise of 21 per cent has been recorded, with little difference between the average increase of prices for new and second-hand houses.

So house prices have moved at about twice the speed of the annual rate of inflation, in the past year, and this movement must be compared with the increase in the building costs index of a little over 9 per cent.

In more stable financial times it used to be sensible to calculate that the market value of the modern domestic house was the aggregate of the value of the land on which it stood together with the building costs, but in the past few years, particularly in the 1975-77 period, building costs had been subjected to greater inflationary pressures than had house prices so that the mathematics of the equation had gone awry. Now the balance has to some extent been restored and certainly in the case of most modern homes, market value should now be greater than building costs.

This is important when you come to insure your home for it is the building costs — or rather the re-building costs from the ground up assuming total destruction, for which you should insure, and upon which insurers base your premiums. It is to building costs, not market values, that insurers index link their household policies. However, in a few cases insurers may be prepared to have market value used as a premium rating yardstick and as a financial limit of liability — usually where the property is old.

Over the last year the durable household goods section of the retail price index has moved up just under 9 per cent and it is to this index that insurers link contents sums insured. So holders of index linked policies whether buildings or contents due about now can expect to

INSURANCE
JOHN PHILIP

in their renewal notices showing sums insured up by around 9 per cent and premiums by this amount as well.

But as the winter months go on it is not only the movement of these indices that will affect the premiums that insurers will be charging. On the contents side it seems that many insurers will be moving away from the long standard 25p per cent basic rate, and that by next summer and perhaps sooner, many if not most insurers will have raised this basic rate to 30p and will be applying different, higher, rates in some of the large provincial cities and in the London area.

A portent for 1979 is conveyed in the September "Agents Information Bulletin" issued by Sun Alliance and London which among British insurers has the largest household insurance account.

On contents, as distinct from buildings, the varying incidence of crime predicates differential rating by district, and SAL has clearly been doing a lot of detailed analysis of its claims from all over the country. For the future SAL will have four contents rating areas. Attracting the top rate will be risks in the inner London area, and these will have to pay 75p per cent, three times the old basic rate.

Those in outer London, the Metropolitan Police area and some of the dormitory towns further away like Guildford, Reading and Tunbridge Wells, will have to pay 50p per cent. At 40p per cent come ten large towns and their suburbs, including Glasgow, Birmingham, Liverpool, Manchester and Newcastle, while 30p per cent is the new basic rate for the rest of the country.

These rates are specifically for new policies sold by SAL from November 1 and not for renewals of existing business for which more information is promised by insurers later. Seemingly SAL is planning some degree of cushioning of its existing body of policyholders against these new prices, though it is debatable how long it is feasible for the company to incur the administrative complication of two distinct rating series and how long it is equitable to charge new policyholders more than old.

Means of indirect investment

THE ART of equity investment is basically the art of switching holdings at the right time. With the larger investor, this involves deciding when to buy particular shares and — even more important—when to sell. The smaller investor is likely to find that it is too expensive to deal directly on the Stock Exchange (unless he is going for a quick capital gain). But he has two alternatives to such direct investment.

The more well known is investment in unit trusts. Investors now have a wide choice of funds and they can move in and out at their own discretion to take advantage of current trends and possibilities. The small investor can still experience the thrill of picking winners from the funds on offer, and backing his or her judgment by switching into next year's growth sector.

The other medium available to investors is the life assurance bond, as offered by the linked-life companies. These companies have made switching between their own funds cheap and straightforward, compared with the complexities of switching unit trusts. And no capital gains tax liability is incurred at the time of the switch. In particular, the investor can now switch into a cash fund, which is equivalent to going liquid with a private portfolio.

With many life companies, however, the investor is offered

BONDS
ERIC SHORT

only one equity fund. Switches are made between other sorts of investment funds, such as property, gilt and managed funds. However well managed the equity fund, it is bound to be widely spread, with perhaps a part invested overseas. So investors going through a managed bond do not have the opportunity of going for specialised sectors or overseas in a big way. In addition, some of the funds have grown to such a size (Abbey Life's equity fund recently passed the £100m mark) that the proportions are generally only varied by altering the investment of new money—which is a slow process.

Some life companies have endeavoured to combine the choice given by unit trust investment with the flexibility in switching which a life bond offers, by linking with a unit trust group and offering investors these unit trusts as well as the in-house equity fund. Lloyd's Life has linked with Gartmore and AMEV with Framlington. So, for instance, the investor holding a Lloyd's Life bond can switch to Japanese equities, through the Gartmore Far East Trust.

The table shows the choice available to investors with certain linked life companies. But you should remember that it is easy to get the timing wrong, and professional advice is usually worth seeking.

Company	Equity funds available
Abbey Life	Internal fund investing both directly and in the Abbey unit trusts
Hambro Life	Internal fund investing in 17 unit trusts managed by Allied Hambro
Vanbrugh Life	Internal fund
Hill Samuel Life	Internal fund together with five trusts in the Hill Samuel unit trust group
Lloyd's Life	Internal fund together with most trusts in the Gartmore range
Save and Prosper	Most of the S & P unit trusts
Trident Life	Three internal funds — UK equity, American and International—plus the Schlesinger Income and Extra Income trusts
AMEV	Internal fund plus three Framlington trusts.

IN RETIREMENT: WHAT YOUR TAX RATE OUGHT TO BE

Single person aged 65+: Total income (gross) up to £	Rate of tax %	Married couple, either partner of which is aged 65+: Total income (gross) up to £	Rate of tax %
1,300	Nil	2,075	Nil
2,050	25	2,825	25
4,000	33	4,000	33
4,472.50	55*	4,810	55*
8,985	33	9,535	33
9,985	40	10,535	40
10,985	45	11,535	45
11,985	50	12,535	50
13,485	55	14,035	55
14,985	60	15,535	60
16,985	65	17,535	65
19,485	70	20,035	70
24,985	75	25,535	75
Remainder	83		83

* Because of reduction in age allowance: see text.

Mea culpa, mea culpa

OH DEAR! A long time ago, when I was still fairly new to this job, I discovered that it was dangerous to write about tax, and above all, extremely dangerous to mention figures. No subject produces more in

RETIREMENT
ADRIENNE GLEESON

the way of readership response. Well, last week I ventured into this territory again, and I rue the day. The first of the minor flood of letters about the errors in the table on retirement income sent us scurrying off into immense algebraic calculations, all quite unnecessary: it was in fact a simple arithmetical blunder which did the worst of the damage. To those who have written in to point it out, many thanks: to all of you, apologies. The correct table is set out.

The figures are worked out on the assumption that you have no allowances other than (initially) age allowance, which is cut back once your income tops £4,000 per annum until it is reduced to the level of the normal personal allowance. Effectively what this means is that on a narrow band of income in excess of £4,000 you will find yourself paying a high level of tax, even though your taxable income still falls well short of the £8,000 per annum at which higher rate tax nominally becomes payable. If you have investment income in a quantity sufficient to expose you to liability to the investment income surcharge, then your tax rate will of course be higher.

Introducing an Italian

LAST WEEK a new name appeared in the list of life companies that market guaranteed income and growth bonds—Assicurazioni Generali di Trieste e Venezia. The bond itself has no special features to distinguish it from other bonds, although the yield offered is very competitive. But the history of the company itself is fascinating.

Known on the London market as Generali, it is one of the oldest insurance companies in Italy. It was established in Trieste nearly 150 years ago, in 1831. Therefore, as students of pre-1914 European history will know, it was originally an Austro - Hungarian business, since Trieste was part of the Austro-Hungarian Empire—shades of Franz Joseph and Vienna.

But since it operated from Venice as well as Trieste, the company had a strong Italian connection even before the collapse of the Austro-Hungarian Empire at the end of the First World War and the incorporation of Trieste into Italy. The group is now one of the top five insurance companies established within the EEC, and it writes both general and life business. It has operated in London for over 50 years and has been very competitive in the group life market. Now it intends to expand into the personal life side.

CONTRACTS AND TENDERS

PERSONAL

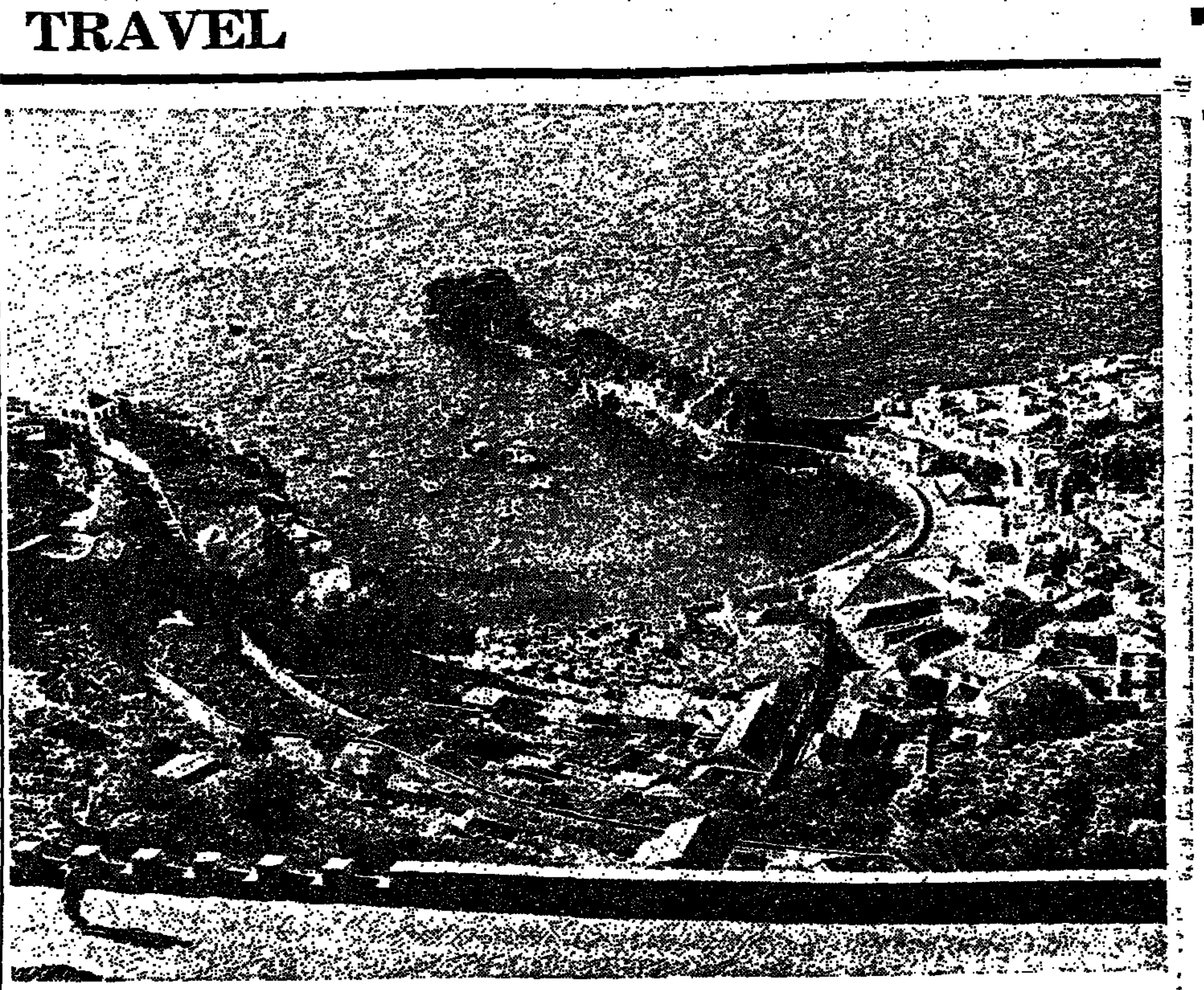
HOTELS

TRAVEL

FOREIGN HOTELS

PERSONAL

TRAVEL



Madeira is one of the favourite winter destinations for the British, and somehow retains something of a British atmosphere. Recent years have seen a few changes, the restaurant scene in particular has much improved but the basic charm of the island remains. Our picture shows the fishing village of Camara de Lobos, spectacularly set against the high mountains of the island.

Winters away

BY PAUL MARTIN

AT A TIME when many major tour operators are claiming record bookings for both short- and long-stay winter holidays, the selection available is wider than ever. Add to that the controversy over a varied range of bonuses, whether as cash offers or, in some cases, car-hire included in the package, and you come back to the old maxim that the early booking birds and the ardent students of brochures will always come up trumps.

You also get exactly what you pay for and, during our own particularly grey months, you can virtually guarantee your winter sun by travelling farther afield at greater cost. My colleagues will be looking at the long-haul picture next week and so I will restrict myself to what is available relatively near at hand.

In the constantly changing travel pattern, several new developments can only benefit the holidaymaker. Each week seems to bring announcements of air fare reductions, children are included free by some operators at some hotels on certain dates and — a real breakthrough — Enterprise, the middle-price tour operation of British Airways, claims to be the first not to charge supplements for single rooms. The single holidaymaker has often and justifiably felt penalised up to now.

There has also been a marked increase in the number of self-catering arrangements on offer, but, as I hope to cover villa and similar holidays at a later date, I will concentrate on the conventional hotel package.

It is always worth keeping an eye out for the last-minute offers and, if you can travel at short notice, you will certainly save money. The choice of departure date can also materially affect the cost.

Enterprise is offering a series of party-time arrangements at Lloret de Mar, one of the more attractive Costa Brava resorts, at prices from £33 for departures between December 9 and 15. These include return flights from Gatwick and full board for a three-night stay at the Don Juan Hotel. The seven-night cost varies between £46 and £74 and children between the ages of two and 11 are free on certain dates, conditional on sharing a room with their parents. However, few hotel rooms can accommodate more than one child, and Enterprise makes this very clear.

Israel is very much in the news and an increasing number of tour operators offer the almost guaranteed winter sun of the popular resort of Eilat on the Red Sea. Twickenham Travel quote a lowest seven-night arrangement with bed-and-breakfast there for £95. Tjaereborg, the Danish direct-sell operator, quotes from £149 for a seven-night half-board holiday in a two-star hotel using charter flights.

If you are planning a two-week holiday—on a first visit to Israel many people may like to combine a stay in Tel Aviv as a contrast to Eilat—Laker lists a minimum of £294 for a 14-night holiday with half-board with one week spent in Tel Aviv and another at Eilat.

Madeira has long been established on the British market and this lovely green island, with mountain peaks rising to 6,000 ft. remains a friendly place and one where the British have always felt at home. Some of the luxury hotels are household names. Many tour operators offer comprehensive Madeira programmes and Wings quote from £133 for seven nights with bed-and-breakfast in rooms with private facilities at a Quinta with its own private pool and within walking distance of the centre of Funchal.

You can also do a permutation of fly-cruise-and-stay, either visiting the Canaries after arriving in Madeira or going one way on Fred. Olsen Lines' Blenheim.

While Madeira has retained its strong British influences, Malta still seems to remain very English. Medallion Holidays, linked to Air Malta, specialise in the island and use the Villa Rosa, based around Bay House as the central feature of the seven buildings within the complex. This particular hotel caters for children and, in addition to a swimming-pool, there are volley-ball, badminton and tennis courts. With accommodation and private facilities and including half-board, the lowest price quoted for a seven-night holiday is £95 with reductions for children. The supplement for full board November 1-March 23, 1979, is £1 per day.

While Medallion specialises in Malta, The Travel Club has done a great deal to put the Algarve on the tourist map. Long famous for their minimal booking conditions, they now unconditionally guarantee every brochure price. While a large part of their operation is based on some delightfully located villas and apartments, you can spend a luxurious week at the Penina Golf Hotel with demi-pension at prices starting from £156.

If you are looking for virtually guaranteed sunshine and some five miles of beaches, Blue Sky, part of British Caledonian, do a seven-night arrangement, based on half-board, at the Hotel Argana at Agadir, the modern, purpose-built Moroccan resort, at a starting price of £208. If you prefer full board, this is available for a supplement of £4 per day.

ADDRESSES

Blue Sky Holidays, Blue Sky House, London Road, East Grinstead, W. Sussex RH19 1HN. Enterprise Holidays, West London Terminal, PO Box 410, Cromwell Road, London SW7 4ED. Fred. Olsen Lines, 229 Regent Street, London W1R 8AP. Intasun, Leisure House, Elmfield Road, Bromley, Kent. Laker Air Travel, 9/13 Grosvenor Street, London W1X 0EE. Medallion Holidays, 182-184 Edgware Road, London W2 2YZ. The Travel Club, Station Road, Upminster, Essex. Twickenham Travel, 22 Church Street, Twickenham, Middlesex. Wings, Wings House, Welwyn Garden City, Herts.

Code words

NEWS of the £3,000 fine for the Intasun group resulting from that company's treatment of some passengers last summer can only come as a ray of hope for those who have irritating clashes with tour companies. Intasun has admitted that some passengers were not told that the hotels they had booked were not available and that they would have to go elsewhere, and was fined by the Association of British Travel Agents.

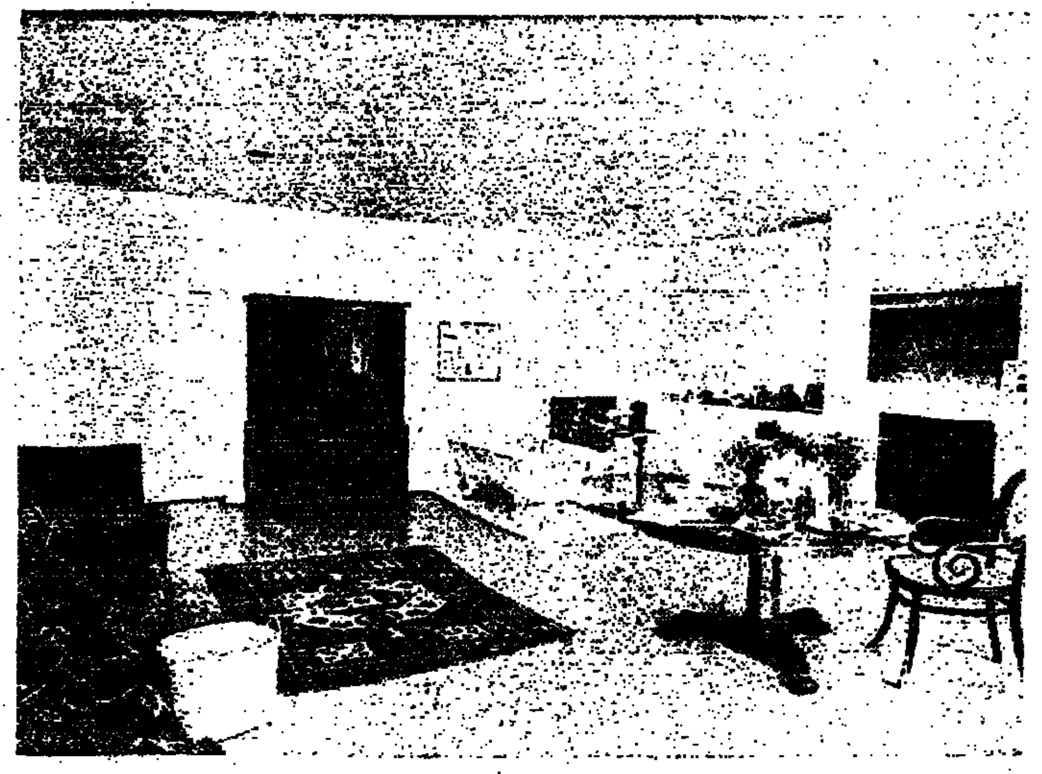
The ABTA Code is a lengthy document but its main impact on the public rests in those clauses which say a tour operator cannot materially change holiday arrangements, by substituting different resorts or different departure dates, without telling clients and making sure they accept the changes.

ABTA is eager to be seen to be keeping its house in order and thus fend off any move by Government to enforce further consumer protection. The Office of Fair Trading monitors ABTA's disciplinary performance. If you are having trouble with your tour operator or travel agent try writing to ABTA at 55-57, Newman Street, London W1P 4AH.

HOW TO SPEND IT

by Lucia van der Post

THE ART OF KEEPING CLEAN AND DECENT



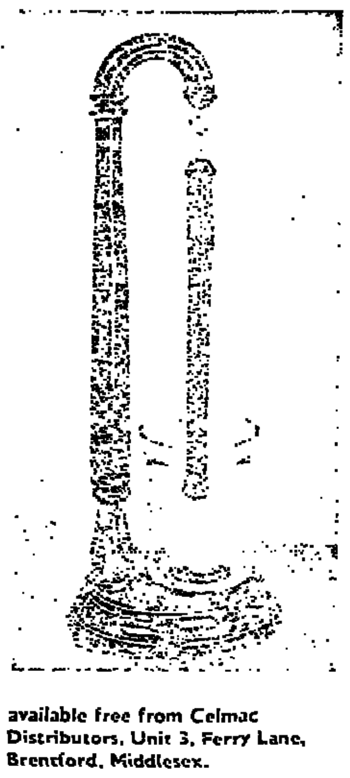
Left: an illustration of an exquisitely decorated Armitage Shanks lavatory bowl and matching cistern, dated 1900 from the historical section on the water-closet. Above: the Conrans' own bathroom is both large and versatile

Part of another illustration from The Bed and Bath book features a witty wooden cut-out which doubles as a towel-rail and soap holder (the soap-on-a-rope hangs from one of the Valet's buttons)

Bathroom accessories are not one of our most flourishing areas of design—they seem to me to be very good if what you want is a very modern, rather ascetic kind of room. There is plenty of choice in that sphere from Habitat's simple plastic ranges in rather good colours through to the streamlined anodised aluminium type. But if you want a warmer, more traditional look there is not a great deal of choice. Personally, I don't like the elaborate gold-plated fittings which are some people's solution to the problem.

What I do like is a collection of wooden bathroom accessories from Italy, of which this lavatory brush and holder, photographed right, is just one example. The Saturno Series, as it is called, is all made from natural beech which has an aniline dye and is finished with a high gloss. In the range is a single shelf or a triple shelf unit, a tumbler holder, soap tray, round and oval mirror, a towel holder, towel ring, small and large towel rails and a bathrobe hook.

If you want to see what the complete range looks like there is a brochure listing it all which is



available free from Celmac Distributors, Unit 3, Ferry Lane, Brentford, Middlesex.

The lavatory brush and holder is £27.50 from Harrods or direct from Celmac

BATHROOMS are normally the most neglected areas of the house. Certainly, when we last went house-hunting, just four years ago now, we were appalled at the lack of comfort and the spartan air that surrounded bathrooms in houses in really quite high price brackets. Kitchens seemed to have gone through a remarkable transformation since we had last looked for houses (i.e. fifteen years before that) but we couldn't face the thought of having to endure the bleakness of most of the bathrooms in the house we were looking at.

Things are, however, changing gradually and an architect friend of mine engaged in designing for the upper end of the market, tells me that nowadays you need to offer at least two bathrooms en-suite and one spare bathroom to be able to sell four or five bed-roomed houses.

If you aren't planning on moving and just want to update your own (perhaps old-fashioned) bathroom then I can't think of a better way of starting than to use Terence Conran's latest exercise in stylish living—The Bed and Bath Book (Mitchell Beazley, £13.95). Full of a tantalising array of full-colour pictures showing just what you could achieve if only you were as clever and/or as rich as the owners of these lovely bathrooms, the book is just the thing to whet the appetite.

Though here I am primarily talking about the bathroom, the book itself deals with both bed and bath for he, entirely sensibly in my view, feels the two are inextricably inter-linked and that cold chases from one to the other down draughty corridors ought to become a thing of the past.

The main value of the book as far as I am concerned is its visual stimulation. Terence Conran, it seems to me, does for the house what Escoffier did for food. There is an attempt to give hard, practical advice in that the various possible sorts of flooring are discussed, safety aspects are explored and there is a lot of introductory chat about how to plan and where to put the bathroom. All this kind of advice though is available in plenty of other publications, often at much lower prices. What is unique is the quite stunning collection of photographs—smart town house bathrooms, lyrical country-house ones, tiny ones in amazingly small spaces, witty ones, ascetic ones, mysteriously Eastern ones, sunken ones, baths almost as large as swimming pools, others so old-fashioned you wonder where they found the ancient props—the collection must have something for everybody and certainly provides enough ideas to cover almost every situation.

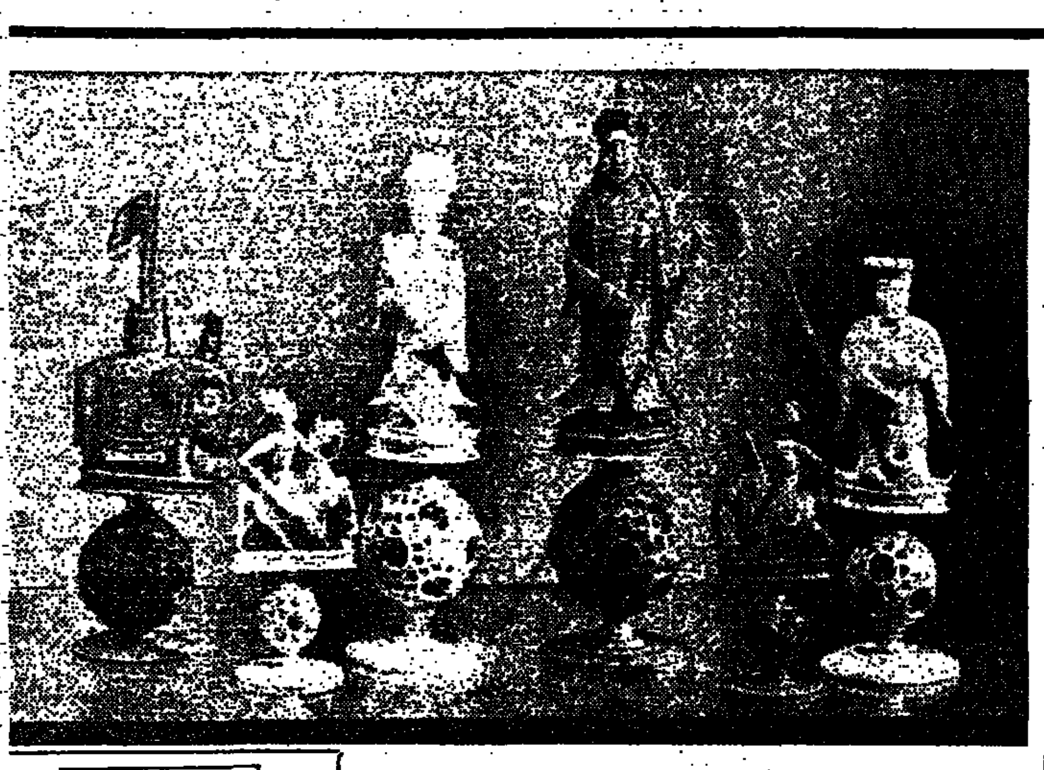
However in the end, every bathroom is an individual design problem and needs expert attention—what a careful study of this book will help you to do it first, to know the sort of bathroom you'd like and secondly, to know more of the right sort of question to ask to make sure you get the best out of your expert advisers. I don't think it replaces the professional designer.

Some of the nicest parts of the book are the historical sections—covering the development of the bath, the bidet, the shower, the bed and so on. Above are a few photographs from the book to give you a small idea of what it has to offer.

While pictures in books are all very well there's nothing like looking at the real thing, at being able to prod surfaces, turn taps and generally see the equipment in the round. A new showroom that opened last week seems to me to offer a very happy combination of stylishness and utility—called simply Humphersons like its other, older, showrooms at Beaufort House, Holman Road, London SW11 and 55/61 Heath Road, Twickenham, this one is at 164/6 Brompton Road, London, SW3.

Humphersons show a small selection of entrancing bathrooms and the great thing they have to offer is that all of them are possible. None of them is dependent (like some of the best of those in Terence Conran's book) on some rare one-off witty piece tracked down in a far-off place, or some special hand-made props that are the decorative lynch-pin of the whole room. Humphersons can supply and deliver it all. They will also do all the fiddly bits that making a new bathroom involves—they will carve the marble to the precise size, fit the surrounds round awkward corners. They pride themselves on their craftsmanship.

There are also some very nice accessories on view (all of which can, of course, be bought) —look out in particular for Elon Tiles which have a charming, fresh, slightly primitive quality about them and for the individual ceramic paintings by Ingrid and Heinz Siery.



Showing off

ALL the many readers who have been collecting, over the years, the small precious boxes from Halcyon Days of 14, Brook Street, London, W1, may like to know that there is now a small etagere, made from fine Indian rosewood, which has been designed specially to help display the collection. It is turned and polished by hand and is only 7½ inches high but as you can see from the photograph the double layer means that it can hold a biggish collection of small valuables of all sorts.

Halycon Days now has quite a large selection of beautifully turned and polished wood, collectively known as Treen. There are the small ring stands, and a selection of fine needlework accessories (like an acorn which unscrews to reveal a thimble). The etagere fits in beautifully with this group of pieces. It costs £39.50 and is available by post for £1.60 extra.

Your move

I DON'T know how many households are as interested in the World Chess Championships as we are—we are all, for some unfathomable reason, passionately pro-Korchnoi and have watched his reverses with dismay, his late come-back with renewed hope. All of which makes me think that there may be other families who are sufficiently interested in chess to find it well worthwhile tracking down a really beautiful set.

For the biggest selection of chess sets of all sorts, go to the Chess Centre, 3 Harcourt Street, London W1. Here you will find sets, old and new, costing from £2.50 for a plastic Jaques Staunton to £300 for an Ebony and boxwood Jaques Staunton set identical to the one Korchnoi and Karpov are currently using.

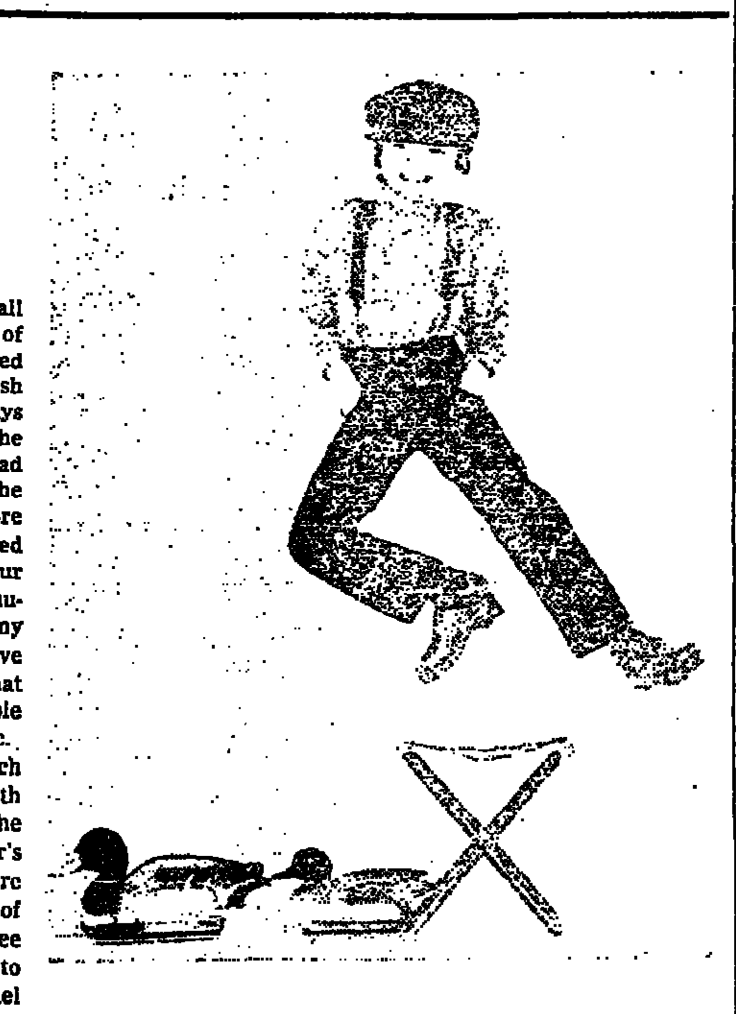
For a set that may well become an heirloom but which will give you infinite pleasure in the meantime, Aspreys of Bond Street, London W1, have some really beautiful antique sets starting from £90 (for a mid-19th century English ivory set). However, the set I liked most, the one that seemed the most decorative, the most unusual, was this Chinese Ivory puzzleball set. Again it is mid-19th century, the Kings measure 5" in high and the price is £475.

Period piece

BEST buy of the week must be the 30p booklet called Spot the Style, which is a mini-guide to architecture in Britain by architect and writer, David Pearce. It isn't the book for those who already know a great deal about English architecture—it is the book to give children a basic understanding of the historical styles, to help them know the difference between a Norman arch and an early English one, between a Saxon tower and a Gothic one. It is the sort of mini-guide I've often wished I had in the car, because though we have more detailed architectural guides no car we've ever owned has had enough cupboard space to allow us to fit in all the maps and guides we might just happen to need.

Spot the Style is tiny, 3 inches by 4 inches, and it can be bought for just 30p and a letter-sized stamped addressed envelope. Write to: P. Murray, 52, Ellerby Street, London, SW6. It could make a very handy stocking-filler come Christmas.

Family gear



WHEN MY children were small I could never find the kind of clothes for them that bedecked the pages of Elle, that stylish French weekly. It was always full of children dressed just the way I liked—the clothes had style but were never fussy. The colour sense was much more sophisticated than that deemed suitable in those days by our own children's clothing manufacturers. If there are any other mothers who have wondered where to find that French look, it is now available over here—though at a price.

New Man is a French company, which makes for both adults and children, and the real secret of New Man Junior's success is that the clothes are really scaled-down versions of adult leisure wear—no twee bits have been added just to please the children, no pastel colours, just sensible, comfortable clothes, with superb styling and soft, subtle, fashionable colours.

The "carpenter's" cord jeans in the picture come in fawn, beige, rust, bronze, black or grey and are available for all ages from one to adults. Prices start at £18 and go on up to £24.

The "grandfather" shirt is made from a soft brushed cotton/viscose blend and comes in a selection of colours to tone with the jeans. Sizes again go from one-year-old up to adult and prices from £13 to £24.

Bip of 69 Duke Street, London, W1 has the biggest selection of New Man clothes for men, women and children in this country. However, smaller selections are available from the New Man corner of the children's department of Harvey Nichols of Knightsbridge, London, SW1, Stripes Junior of Brighton, Just Kidding, Newcastle and Billy the Kid of Nottingham.

PROPERTY

Deep in the forest

BY JUNE FIELD

WHEN ESTATE AGENTS' registers are awash with properties, yet the climate for buying is uncertain, the lament of negotiators is heard in the land. In contrast, when the market is red-hot with completions, as it was in the summer, the cry is that there is not enough of the good stuff on the books.

The problem is national. The latest edition of Bernard Thorpe's United Kingdom Property Trends quarterly survey played the same record all the way through. Abergavenny: Great shortage of all types of property. Bath, Bournemouth and Brighton, very few new instructions being received. Hereford, shortage in the £14,000 to £20,000 range, while Newcastle-Upon-Tyne took the figure up to £30,000, and Oxted up to £60,000. In this bracket Tunbridge Wells' supply was "desperate" and in Wetherby it was "acute."

With a further supply of mortgage funds promised by the building societies in November and December competitively priced properties are expected to hold their own, particularly in the popular £20,000 to £50,000 range. That some vendors are holding back, or have even taken their houses off the market until the beginning of next year, in the hope of getting an increased price, is inevitable. Unless, of course, they have already moved, and don't want to extend their bridging loan more than they have to. Bank interest, charges, arrangement fees, *et al*, can all swallow up any extra gain.

Generally conceded by most agents though, is that much of the property mini-boom of the early part of the year was due to a back-log of slow-movers suddenly selling, at figures often somewhat lower than the original highly-ambitious asking prices. Then with the dramatic fall in interest rates, and the traditional appeal of better-weather buying, turnover was stoked up again to lively proportions, before simmering down.

"A stabilised market" is what most country agents prefer to call the current scene. Yet that circumstances vary enormously, according to the desirability of the property, even in the same county, is evidenced by the outcome of two recent auctions, both for cottages that needed considerable modernisation.

No-one at all attended the auction of a detached two-up, two-down turn-of-the-century brick and slate cottage in Martin, Hampshire. "It needed a considerable amount spent on it, and the serious problem of finding mortgage monies to buy let alone take on the high cost of conversion, obviously contributed to the lack of interest" admitted the auctioneers, Fox and Sons, Fordingbridge. Yet that same week Jackson and Jackson, Lymington, reported Wigeon Cottage, Keyhaven, near Lymington, built in 1920, "In need of complete modernisation and redecoration throughout" sold for £40,000. "Over 50 people attended the sale, and the bidding, which commenced at £30,000 was extremely brisk," the auctioneer, Paul Jackson told me.

New Forest property usually commands a premium. The magical 140 square miles of virtually unspoilt countryside, once a Royal hunting ground called *Nova Foresta*, celebrates its 900 years of existence in 1979. As Donn Small, deputy surveyor of the New Forest, responsible for day-to-day management, pointed out in a talk at the Royal Society of Arts earlier this year: "Its present beauty and productivity reflect the forester's continuous struggle to manage this historic part of England as a natural resource . . . The forest could be likened to a spider's web, tough, resilient, but at the same time, fragile."

On a recent tour of the Forest I was impressed by the various measures undertaken to preserve the environment. Car parks have been carefully designed to blend with the landscape, made with gravel raised from forest pits which mellows and bleaches with age. Ditching was found unsuitable as a boundary demarcation, and replaced by posts at one metre spacing which allowed for movement of both people and animals without disturbance, while controlling the vehicles. "Wild" camping is no longer allowed, and the controlled camp sites (if one is sign-posted "full" visitors must drive on to another), well tucked out of sight, existing woodland and scrub used as landscape screens.

In Fritham, a little way out of the village, on the edge of the Forest I saw Buddles Corner, a small just converted cottage with enough ground for a paddock, on offer at about £39,000. This cottage, with its first floor windows in the eaves is fairly typical of the type of Forest cottage available. It is not easy to come by them in the rough, although former semi-detached "tied" cottages do come up from time to time.

Fox's Fordingbridge Partnership has five offices within its group, covering the south-eastern part of the New Forest and also the Hampshire/Dorset borders, as far as the Cranborne Chase. Partner John Crosthwaite-Eyre feels that it is interesting to note that properties in different price ranges have undergone varying percentage increases. "In this area it has been quite apparent that the highest percentage increases have taken place in the lower price range, and especially on new developments.

"For instance, on January 1 this year, a semi-detached two bedroomed bungalow (the cheapest type of starter-home built in the area), could have been bought for £11,000. Today such a property would cost £15,000, which represents a percentage increase of about 38 per cent. We have seen the somewhat tragic effect of such a price rise, as first-time buyers are now simply no longer able to afford property in this area. For while house prices have shot away, their mortgage status has virtually remained static. Property in the range £25,000-£35,000, such as a detached 3-bedroom house in a village situation, as compared to an estate environment has increased in value by about 20 per cent.

"Although demand for rurally situated property with four bedrooms, two bathrooms, and an acre or so is as strong as ever, it is surprising that price rises seem to have been limited to about 20 per cent, whereas on the face of it, one would have expected the percentage increase to be greater than this, as demand greatly exceeds supply. We have found that whenever this type of property can be offered for sale with up to five acres, the price obtained is often out of proportion to the price that would have been obtained had a similar property been offered for sale with only one acre.

Substantial Edwardian family house, Thornacre, North Weirs, Brockenhurst, surrounded on three sides by open forest. The house has 5 bedrooms, 4 living rooms, 3 loose boxes, and a 1½-acre level paddock, and is for sale at £85,000 through Jackson and Jackson, The House on the Quay, Lymington, Hampshire.

Buddles Corner, Fritham, near Lyndhurst, five miles from Fordingbridge, a typical New Forest cottage for a weekend or retirement home. On the edge of the forest, with enough land for a paddock, the conversion is just being completed. A definite price has not yet been fixed, but it is expected to be in the region of £39,000. Full details J. G. Crosthwaite-Eyre, Fox and Sons, 5 and 7 Sallsbury Street, Fordingbridge.

"In other words, demand for property with enough paddock for a child's pony or two can effectively mean that the value of such an acre can be between £3,000 and £5,000; the larger the quantity of land, the lower value per acre obtained."

Fordingbridge is currently an expanding area with some 220 new dwellings on two estates currently under construction. The most interesting of these estates is Manor Park by W. J. F. Shering and Sons Ltd. in that developers have gone to great lengths to break away from traditional estate layout, coupled with the use of some fresh ideas in design, which may be best described as "Swedish Cottage Style." The properties are situated in small grouped cul-de-sac developments with ample planned open space. The effect is really most pleasing, and different from the normal "box-like" appearance of modern design. For further details on properties in the area write to John Crosthwaite-Eyre, Fox and Sons, 5 and 7 Salisbury Street, Fordingbridge, Hants.

WHAT TO READ: Explore the New Forest: Forestry Commission Guide, 1975, £1.99 including postage from H.M. Stationery Office, Atlantic House, Holborn Viaduct, London E.C.1, and Where To Go In The New Forest, 65p including postage from Springbank Publications, Springbank House, Lymington.

The woods are ablaze

GARDENING

ARTHUR HELLYER

THE WOODS are beginning to light up with autumn colour but, thanks to exotic trees and shrubs, the heart warming blaze started weeks earlier in those gardens that had been planned for it. As usual the first to colour with me was *Prunus sargentii*, Sargent's wild cherry from Japan which fits country gardens so much better than the large flowered, man-made hybrids that are so magnificent in urban surroundings environment. It is lovely in spring, too, with its pale pink, single flowers and I rate it high among cherry species.

Hard on the heels of the early colouring cherries come the Stag's Horn Sumach but they last a long time and are still short of their peak in my garden. They vary quite a lot in colour and I am never quite sure whether this is an inherited characteristic or has more to do with soil and situation. I suspect a combination of the two for though it is in the hotter, drier places that *Rhus typhina* and its cut-leaved variety Laciniata colour best, especially, so it seems to me, if the soil is also a little short of nitrogen, experience with other plants indicates that genetic factors do play a very important role. It is quite clearly so with barberries raised from seed and, after a few years, it is easy to separate those that colour well from others of the same batch that are greatly inferior in this respect though they may be better in others.

Many years ago the late Rowland Jackman selected a green leaved form of *Berberis thunbergii* which was quite outstanding for autumn colour and named it Vermilion. I remember spotting it at a distance in his nursery and asking what it was. It seems to have disappeared from the Jackman list and I do not think that any other nurserymen took it up but no doubt it is still around in many gardens and others just as good could be found if searched for among seedlings.

There is also great variation in the leaf colour of different forms of Sweet Gum, *Liquidambar styraciflua* and Scarlet Oak, *Quercus coccinea*. Some Sweet Gums do little more than turn a rather dull plum purple before they fall but the best, like some of the wonderful specimens in Sheffield Park, Sussex, *blaze* into brilliant shades of crimson and coppery red. Again I recollect Mr. Jackman selecting one and calling it Worplesdon and this, happily, is still around. Since in small gardens there is never any room for anything but the best it is nice to be able to get guaranteed star performers such as this.

I have two Scarlet Oaks, one very much better in autumn colour than the other but neither a patch on some I see in other gardens—at Leonardslee, near Horsham, for example. The poorer of my pair never gets beyond the colour of brown paper, the other warms to russet red but the best do really deserve to be called scarlet at their peak. Here nurserymen have been more helpful as a good form, named Splendens, is fairly widely available. But do not be tempted to plant Scarlet Oaks in small gardens. They grow much faster than the English oaks and make very large trees in 20 years or so.

One of the best small trees for autumn colour is the Snowy Mespilus, *Amelanchier laevis*. The young leaves in spring are also bronze tinted and the small white flowers, though rather short lived, are so freely produced that this is an outstandingly good tree suitable for planting on almost all soils including those overlying chalk or limestone.

All rowans colour to some degree but the best of the lote in by experience is Sorbus discolour which, for a week or so in October and early November, can be column of vivid coppery red rivalling the maples. To see the latter at their glorious best one should pay a visit to the Winkworth Arboretum near Godalming or the Westonbirt Aboretum in Gloucestershire. Westonbirt gets most of the publicity and is certainly better designed but when it comes to sheer richness of colour there is little to choose between them. At Winkworth the best maples grow side by side with parrotias and not far from nyssas, both less well known but equally effective producers of autumn leaf colour. Parrotias can be purchased readily enough from specialist nurseries but nyssas have always been hard to get because they seldom produce good seed in this country and few people seem to know where to buy seed abroad. The leaves look rather like those of beech but the trees are much smaller and slower growing and the colour at its peak is copper, orange and yellow, more glowing than anything a beech can produce.

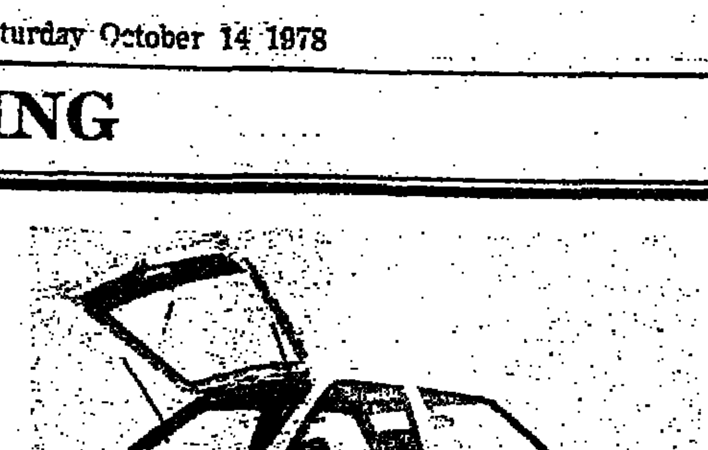
The nyssas at Sheffield Park have always been famous and there is also a large specimen in William Robinson's old home Gravetye Manor, now a fashionable country club and restaurant. Also at Sheffield Park are some of the finest Swamp Cypresses (Taxodium) in the coutry. Many people hesitate to plant these believing that they must grow in or near water but this is not so. The trees can be grown in well drained land but are much slower growing than in damp soil. Much the same seems to be true of the Dawn Redwood, or metasequoia, a tree very similar to the Swamp Cypress in appearance but at least twice as fast in growth and with a very wide tolerance of soils. It grows readily from cuttings and I am astonished tahat it is so slow in making any impact on the public. I think that nurserymen must take some of the blame as they seem incredibly slow in propagating it and distributing it to the garden centres where one would expect it to sell well.

One of the less well known gardens that has splendid autumn colour is High Beeches at Handcross, Sussex, within a mile of Nymans and near Ardingly. It was planted by Col. Giles Loder in the first half of this century, is very beautifully situated on te side of a valley and has a wonderful collection of trees and shrubs including a whole range of colour from of the lily of the valley shrub *Pieris forestii*. It is having one of its rare openings on October 22, all day fro m10 am to 4 and, with the other Sussex gardens I have mentioned, provides a splendid opportunity for those living in the south to see just what autumn colour can do for a garden when well chosen and skilfully used.

MOTORING

A view from Paris

BY STUART MARSHALL



The Colt 1400GLX: European styling and performance from Japan, with a choice of eight forward gears.

ANYONE WHO can remember when Britain was the world's second largest car maker and the world's biggest exporter must have come away from this week's Paris Motor Show feeling as downcast as I did. Our own Motor Show, opening next Friday at the National Exhibition Centre, Birmingham, will do nothing to lift the gloom.

At Paris, there were new and attractive cars from France, Germany, Italy and Japan. And from Britain? Nothing.

Our own once-great motor industry seems to be slowly dying from a thousand self-inflicted cuts. Can anyone wonder why one motorist in two now buys foreign?

Just look at our motor industry during the biggest new car boom on record. Ford, the only one of the traditional "Big Four" apparently capable of making real money from giving the car buying public what it wants, at a standstill, victim of a political confrontation between government and organised labour.

Chrysler, saved from collapse a couple of years ago by taxpayers' money, is shortly to be absorbed by Peugeot/Citroen, which is unquestionaly the best thing that could have happened to it. Vauxhall, to judge by its products, is now an offshore island of Opel, General Motors' successful German arm.

And what of BL Cars (ex-British Leyland)? Only an incorrigible optimist can see this sad and withered rump of the British, as distinct from British-based but foreign-owned, motor industry remaining in business as a high volume, family-type car producer.

BL's new Supermini, which by all accounts is not going to be all that much different from the 20-year-old Mini mechanically, is not due until 1980. The Marina/Allegro successor, code named LC10, is even more desperately required, but that won't be announced until 1982.

Assuming that the Supermini and LC10 are fault-free from the outset—and the BMC/British Leyland/BL Cars track record in this respect hardly inspires confidence—will there be enough customers for them to make their volume production worth while?

My doubts spring from having driven in the past year half a dozen European and Japanese cars that the LC10 will have to compete with *three years* hence. They are *excellent* cars. They are coming off the assembly lines now. Some (like the Chrysler Horizon) are already on sale in Britain; the others will be within the next six months or so. And still more are coming—like the front-drive Ford Escort replacement, and small/medium front-drive cars from Datsun and Toyota. They will be well established before the first LC10 goes in the showroom.

Last week I wrote about one of the cars the Supermini will be up against—the Citroën Visa. This week, I describe another. It is the Mitsubishi Colt.

Like the Visa, the Colt made its international debut at Paris Show. It can be seen at Birmingham next week and the 1.4-litre engined version will be on sale here by the end of the year.

The Colt 1.4 makes it crystal clear that the Japanese motor industry now knows exactly what the European car-buyer wants. This cross-engined, front-drive, all-independently suspended hatchback is as good as any of its European rivals and better than many of them.

It handles crisply, with rack and pinion steering providing responsive control and a good lock. The ride is fairly firm but comfortable and fast cornering leads to minimal roll. Road, wind and mechanical noise is well suppressed. Even for the long legged, the driving position is difficult to fault.

A particularly interesting feature of the 1400 GLX model is a dual range transmission. *In addition to the normal four-*speed gearbox, there is an extra gear train rather like you find in a Land-Rover. The idea is to give you two alternative sets of ratios—in the case of the Colt, one for town driving, with quick acceleration and high gear flexibility, the other for open road economy.

All you do is declutch and move the auxiliary lever into performance or economy range. In economy, the Colt becomes very long legged, doing well over 20 mph per 1,000 rpm, which makes for quiet motorway cruising and saves petrol. In performance, it zips away from a standstill and allows third and even fourth to be used as traffic gears.

Standard features include tinted glass, radio, rear screen wash/wipe, inside tailgate release and a rev. counter. There is a less elaborate 1.2-litre version, but Colt Cars will not be bringing it in. With their sales artificially restricted, they will market only the top-of-the-line 1400 GLX. At around £3,400 it is not cheap; but as word gets around how good it is, it should walk out of the showrooms.

Fogbound matchplay

WENTWORTH, Oct. 13.

THE WEST Course here emerged from the mists long enough on this unlucky Friday the 13th to allow half of the quarter finals of the Colgate World Match Play Championship to be completed—a frustrating experience for all concerned.

The initial delay for fog that hung around these stately trees more persistently than anywhere in the vicinity was initially almost five hours in duration. Not surprisingly, this gave the eight players too long to kick their heels and feed on their nervous systems, and with the exception of the Americans Ray Floyd and Tom Watson in the final match—and these two had a battle royal—the golf was mostly rather untidy, as one expected it could be.

It was fairly natural for Nick Faldo, the only British survivor, to have a mental hangover after his brilliant first-round thrashing of the giant American, Andy Bean. And so it proved in his clash against the defending champion, Australia's Graham Marsh, who has had such a depressing season in the U.S., after his brilliant opener there in 1977.

The youthful Faldo, a most phlegmatic sort, who has yet to prove himself as a crowd-pleaser as the natural successor to Tony Jacklin, was on edge for most of his round, and up against it, too. Marsh holed putts of seven and 12 feet for birdies at the second and sixth holes, and took the fourth with an immaculate birdie 4 to take an early two holes' lead, having lost the third when tangling with a bunker.

The Western Australian was out in 33 shots, two under par to be three up when Faldo dropped another stroke at the 7th. And thereafter, the tall English 22-year-old could get no change out of his immensely experienced rival.

Marsh went four up at the par 4 11th hole with a 12 foot birdie putt, and 5 clear when Faldo missed the 13th fairway to drop another shot.

GOLF

BEN WRIGHT

Thereafter, Marsh struggled valiantly to hold off his man, despite some indifferent striking, and he did so because Faldo was usually woefully short with his approaches from around the putting surfaces.

Marsh got up and down from the left-hand bunker at the par 3 14th for a half in 3 from 8 feet. Faldo, short here, had to hole a 5-foot putt himself.

The Englishman gained his only homeward success at the par 5 15th, with a birdie, but he made no further ground, hitting a poor pitch through the 17th green, and going way right of the 18th, only to land a marvellous pitch stone dead, whereupon Marsh got in a most significant 10-foot putt for his half in birdie 4.

Simon Owen, of New Zealand, who so narrowly lost the Open Championship to Jack Nicklaus, is emerging as the surprise packet of the tournament. And nothing was more extraordinary in his clash against the immensely-long Spaniard Seve Ballesteros than the two magnificent shots the slim New Zealander struck to the green at the 571 yards 17th hole to go 2 up there.

Ballesteros gathered himself for a great birdie 4 at the last, however, which Owen played untidily to take 6—including three putts—and so Owen goes into tomorrow's second half of their match—staged during the afternoon—hopefully after the fog clears that has been forecast, and, more importantly, for television, only one up.

One never imagined that the legendary South African Gary Player, five times champion in this event, would have as much trouble as he did with the Japanese ace, Isao Aoki, who reigns supreme in his native country

Aoki is easily the most interesting player here. He is a lanky man, surprisingly tall for one of his race, and he addresses the ball in the most unlikely position with his hands held incredibly low—somewhere around knee level. The purists would blanch at this address position and at the wristy flick that almost always follows. But if this shocks the establishment, then the putting stance of Aoki is almost unbelievable. His hands seem to hang even lower, and only the heel of the putter blade is in contact with the turf, with its toe high above it.

But the sum total of this exercise is most effective. Aoki recorded six birdies to Player's four, and the little South African had to fight as hard as he always does to be only 3 down at the halfway stage.

BRIDGE

E. P. C. COTTER

LOSS OF concentration is a commonplace in sporting jargon. Let us see how it affected West in this first deal from rubber bridge:

N.
♠ J 4
♡ A Q J 4 3
◇ K 10 8
♣ A J 6

W.
♠ K Q 10 7
♡ 8 5
◇ J 9 3
♣ 10 7 5 2

E.
♠ 9 8 5 3 2
♡ 6
◇ Q 7 6 2
♣ 9 4 3

S.
♠ A 6
♡ K 10 9 7 2
◇ A 5 4
♣ K Q 8

South dealt at game all and opened the bidding with one heart, to which North replied with three clubs, the force of control. He is far too good for four hearts, and I myself approve of his club force. South raised to four clubs—for all he knew his partner had a club suit—and North rebid four hearts. The opener now made a cue-bid of five diamonds, North said six diamonds and South's six hearts concluded the auction.

West led the spade King, and when dummy appeared, South groaned inwardly at the "mirror duplication" — identical suit patterns in each hand.

Winning in hand, he drew trumps in two rounds, cashed three clubs, and threw West into the lead with the Knave of spades. Realising that a black suit return would yield a ruff discard, West led the three of diamonds, dummy's eight was played, and declarer captured East's Queen with his Ace. South then returned a low diamond, finessed the ten, and made his contract.

West did not concentrate. It was obvious that if the declarer, who was marked with the diamond Ace, had also the Queen, there was no defence. In that case West must assume that East holds the Queen. The only correct play in order to salvage a diamond trick is for West to lead his Knave. If South wins in hand, East's Queen must take a trick: if he wins on the table and returns the ten, East must cover, and West's nine is established as the setting trick.

In the second deal we find East wool-gathering:

N.
♠ 5 4
♡ Q 10 9
◇ 8 3
♣ A Q J 7 6 2

W.
♠ Q J 10 7 3
♡ 6 5 4
◇ 7 6 2
♣ 8 4

E.
♠ 9 8 6 2
♡ K J 3
◇ A 5 4
♣ K 9 3

S.
♠ A K
♡ A 8 7 2
◇ K Q J 10 9
♣ 10 5

South, the dealer at game to East-West, bid one diamond, and North said two clubs. With a partner good enough to take out at the two-level, South decided he could jump to three no trumps, and this became the final contract.

West led the spade Queen. East dropped the nine, and the King won. After some thought South led the club ten. West played the eight to show his doubleton, and East withheld his King. The declarer at once switched to the diamond King to force out the Ace, and made his contract with two spades, one heart, four diamonds, and two clubs.

In spite of all that he had learned at his mother's knee about shutting out the long suit in dummy, East should have taken the club ten with his King and returned a spade to clear his partner's suit. East simply did not put his mind to the task of counting the declarer's tricks. Five clubs, two spades, and one heart will not give him the nine tricks he needs, and before he can set up the ninth trick in diamonds, East will make a trick in each minor suit, and West will score three spades.

I wonder how many Easts, who fancy themselves as defensive players, would make the same fatal hold-up.

COINS

JAMES MACKAY

LAST WEDNESDAY the Isle of Man issued a crown in cupro-nickel for general circulation and in silver proof and uncirculated versions for collectors. This is a coin with a difference, for its reverse reproduces no fewer than nine other coins, tracing the development of the island's numismatic history over the past 300 years. Prior to 1679 base metal traders' tokens formed the basis of the currency. Most of them emanated from Ireland and were struck by merchants in Limerick and Dublin, but many of them were forgeries and in a desperate bid to solve this problem Tynewald, the island's parliament, ruled that the counterfeiting of base metal coin was punishable by death and that henceforth only tokens struck by the Manx merchant, John Murrey, would be legal tender. In the curious fashion Murrey's pence became the island's first legal tender coinage.

Until the present Manx series of coins was introduced both British and Irish coins circulated freely on the island. Ireland's Barnyard series of coins celebrates its golden jubilee this year and it comes as a surprise to many to realise that Ireland had a long and interesting numismatic history of its own stretching back to the Hiberno-Norse kingdom of Dublin in the 10th century. Incidentally, Professor Michael Dolley and some other historians are currently working on the theory that the Isle of Man may have had its own subsidiary Hiberno-Norse mint in the 10th century, but this has yet to be proved conclusively.

The Hiberno-Norse coins blatantly imitated contemporary English Long Cross pennies of Aethelred II "The Unready"—after all these coins formed the bulk of the Danegeld with which Aethelred tried to buy off the Norse invaders. In the 11th century similar coins were struck in the name of Sihtric, king of Difiin (Dublin). These and the silver pennies that followed are fascinating on account of their "blundered" legends, inscriptions in which the lettering is a meaningless jumble.

With the subjugation of Ireland by Henry II in the 12th century, the Hiberno-Norse coinage came to an end. In its place came silver pennies struck at Dublin, Cork, Waterford and Limerick in the name of English rulers, beginning with John, Lord of Ireland, Count of Mortain and later King of England. By the time of the Wars of the Roses in the 15th century Irish coins, modelled on their English counterparts, were also being produced at Trim and Drogheda in denominations of silver penny, half-groat and groat. Richard III introduced the Three Crowns coinage in 1483, so-called because of the triple crown motif on the reverse, signifying sovereignty over England, France and Ireland.

This style was continued by Henry VII, but by the beginning of the 16th century crude attempts at portraiture were appearing on the groats. Under Henry VIII the coins had a heraldic obverse and a harp reverse, flanked by the initials of the king and whichever consort he happened to have at the time. Thus we find coins bearing the monogram of Anne Boleyn, Jane Seymour and Katherine Howard. Under the later Tudors Irish coins were little more than modifications of the contemporary English series, though often of a baser alloy.

The chief interest of Irish coinage under the Stuarts arises out of the period of the Civil War, when coins of quite competent production but extremely utilitarian design were circulated by the Marquis of Ormonde, leader of the Irish Royalists. Under Charles II came the semi-official St. Patrick's coinage and the traders' tokens whose widespread forgery gave the Manx authorities so much trouble.

Regal coinage was also produced under Charles II and James II, but during the Williamite Wars of the 1690s the protagonists of James II struck coinage of necessity, mostly at Dublin. Crowns, half crowns and smaller denominations, normally struck in silver, were produced in gunmetal, hence their nickname "gunmoney." Some very rare halfpence and farthings were also struck in Limerick during the siege of 1691.

Irish coinage under the Hanoverians was often struck by contractors using alloys of their own devising. The handsome halfpence struck by Wood of Bath were rejected by the Irish who distrusted the metal, and the coins ended up in the American colonies where they circulated widely as small change. In the reign of George III copper coins were struck at the Royal Mint and the Soho Mint, Birmingham with the king's profile on the obverse and the Irish harp on the reverse. During a shortage of silver coins the Bank of Ireland produced silver tokens in unusual denominations of 6 shillings, 30 and 10 pence. Thereafter, with the exception of a few patterns in the 1820s, Ireland used ordinary British coins until the emergence of the Free State coinage in 1928.

One of the finest collections of Irish coins ever to come on the market is to be auctioned by Glendining on Thursday November 9. Every period from the Hiberno-Norse to the Regency is well represented, but the strength lies in the 17th century money of necessity. In addition to the gunmetal coins as issued, there are proofs and patterns in silver, including the handsome equestrian crown of 1690.

CHESS

LEONARD BARDEN

THE SECOND annual Aaronson congress, held last month at the Harrow Leisure Centre, featured the strongest weekend open so far held in Britain and probably in Europe. Entrants included seven GMs and eight IMs, headed by Hort and Miles who both rank in the world top 20.

Aaronson Brothers, the sponsors, promote British chess in an imaginative and important way. All congress proceeds go to the Aaronson Chess Foundation, which supports British players in national and international competitions.

The Aaronson Foundation has sent young players to Hastings, Lone Pine and the European junior championships, provided funds for a weekend seminar for junior coaches, and arranged the Aaronson Masters where several British entrants qualified for international title norms. The Foundation also sponsored 40 selected juniors to meet the strong competition at Harrow and watch the grandmasters in action.

The Aaronson Open first prize of £1,000 went to the top seed Hort (Czechoslovakia), who, with 5½ out of 6, played like the world title candidate he is. Following with 5/6 were GMs Forintos (Hungary), Kurajica (Yugoslavia), Miles and Nunn (England); IMs Botterill (Wales), Flesch (Hungary) and Kouatly (Lebanon) and untitled players Avner (Israel) and Emerson (England).

The giant-killing feat of the tournament was 15-year-old Julian Hodgson's achievement of beating GMs Balinas (Philippines) and Nunn in the first two rounds and then drawing with Tony Miles. Dr. Rhodes Boyson, MP, Conservative education spokesman, gave away the prizes and stated his support for more government backing for chess, currently much less in Britain than in Western Europe and tiny compared to Russia and Eastern Europe.

Remembering that grandmaster Hort also shared the £1,000 prize at the Aaronson congress last year, how does he do it? Some experts still consider weekend tournaments lead to chancy results, although the list of prizewiners above demonstrates the opposite—most hold international titles, while Emerson, who does not, defeated two IMs.

Hort's success reflects his consistent and economical power play, always searching for the initiative and rarely wasting moves which might allow an opponent to regroup. This week's game, his best at Harrow, features a real grandmaster plan on move 18 where a pawn sacrifice fastens on weak points in the black position and leads to a winning combination. Notes are based on Hort's own comments.

White: V. Hort (Czechoslovakia). Black: B. Kouatly (Lebanon). Opening: Grunfeld Defence (Aaronson Open, 1978).

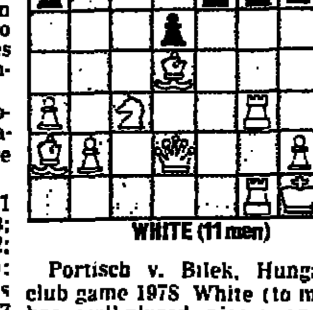
The opening moves were 1 P-Q4, N-KB3; 2 P-QB4, P-KN3; 3 N-QB3, P-Q4; 4 N-B3, B-N2; 5 B-N5, PxP (usual ½: N-K5); 6 P-K4. (6 P-K3, P-B4 gives Black few problems), P-B4; 7 P-Q5, P-QN4; 8 P-K5, P-N5; 9 PxN (9 N-N5, P-QR3!); PxP; 10 Q-K2 ch, K-B1 (ambitious; if instead Q-K2 the endgame is a little better for White); 11 B-K3!

Setting the theme of this game: White is trying to create open lines for his bishops before Black can make up for the loss of castling.

11 . . . PxN; 12 BxP ch, K-N1; 13 PxP, P-KR3 (intending K-R2 and R-K1); 14 Q-Q2, B-N2; 15 R-Q1, K-R2? (now N-Q2-N3 to hold his weak pawn is better); 16 B-K3! (intending BxBP), P-B4 (now if 17 BxBP, Q-B2; 18 Q-Q3, P-B5; 19 BxBP, R-K1 ch with a strong attack—but 16 . . . P-B4 weakens Black's pawns); 17 B-K2, Q-R4; 18 B-Q4! (less convincing is 18 0-0, BxBP), QxQP; 19 0-0, R-K1? (best is BxB; 20 QxB, QxQ; 21 RxQ when White regains the pawn with advantage); 20 Q-N2, Q-B3; 21 R-N1! (not at once 21 N-N5 ch, PxN; 22 B-B3, R-K5; but now White undermines the props of Black's badly developed pieces) R-K2; 22 N-N5 ch, PxN; 23 B-B3, Q-K1; 24 BxQB, N-B3; 25 BxB, KxB; 26 RxR, QxB; 27 Q-Q2, P-B5; 28 Q-Q5! (gaining more material since Black has no real counter on the white king), R-K4; 29 QxQBP, P-B6; 30 P-N3, R-K7 (or Q-QB1; 31 KR-K1, Q-R6; 32 Q-B1); 31 Q-Q5, P-N5; 32 KR-K1, Q-K1 (if Q-R1; 33 P-KR4); 33 RxR, PxR; 34 R-K1, N-K4; 35 RxP, and Black lost on time. He could just as well resign, for if 35 . . . N-B6 ch; 36 QxN wins.

POSITION No. 237

BLACK (11men)

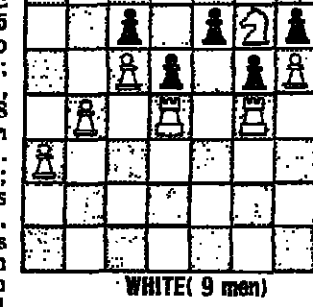


WHITE (11 men)

Portisch v. Bilek, Hungarian club game 1978 White (to move) has well-placed pieces and an attack along the KB file: how did grandmaster Portisch convert his advantage to a win?

PROBLEM No. 237

BLACK (7 men)



WHITE (9 men)

White mates in three moves, against any defence (by Dr. R. Goette).

Solutions, Page 14

FISHING

JOHN CHERRINGTON

THE SEASON ended on the Wye with the river very low and gin clear. There were salmon about, but they were old residents for the most part, splashing aimlessly around in the stiller water, and showing by their red skins that they were stale indeed. One morning I arrived at the bank in blazing sunshine, and the despondent ghillie informed me that he had seen nothing for an hour, and nothing was likely to happen. None of the other rods had bothered to turn up.

While we were talking, high cloud began to cover the sun and all of a sudden salmon began to rise. Not many, but one every few minutes, showing that the river was populated once again. We launched the boat and started to fish all the most likely lies, using as always advised in these conditions the smallest flies.

The water was glassy, and it was possible to see the movement as fish every now and then followed the fly around in the slow current. Someone had once told me that if fish only follow and do not take, the thing to do is to increase fly size. "Sid," I said to the ghillie, "let's try a bigger one, twice the size." With some demur he did, and I watched him make the first cast. There was instant success, and within 10 minutes an 11 pound cock fish was in the boat.

Strangely enough, much the same thing had happened about a month before. The same sort of atmosphere, no breeze and fish obviously following the flies. After about an hour of this I had suggested he uses his spinning rod, mine was not set up, and at the first cast a seven-pound fish seized the minnow and was played in without much difficulty. Both these fish were beginning to redden but have eaten very well.

The interesting thing about this was that atmospheric and river conditions appeared to be hopeless, no fish had been caught for days. In both cases the fish had been taken in almost slack water instead of in the current where one would expect fish to be lying and where the flies would work reasonably, instead of which they had to be stripped in all the time. On good fishing days, when lots of fish were showing and all the augeries were good, we had no luck at all.

I did have a before breakfast spin on the Tweed when travelling in Scotland. The water was coloured, full of weed, and no fish were showing but I was told there was one at the bottom of a deep, dark pool. With a bright 2½ inch minnow I searched the depths, having to take off the weed every time I reeled in. Then I did see a surface fish move in the stream. I cast over and caught not a salmon, but a 2 lb sea trout very acceptable to my host as it was the first migatory fish to have been caught on that beat for some time.

Tweed fishing of course goes on until the end of November, and I hope to have another go there if I can stand the cold, which can be extreme. It does seem to be becoming an Autumn river and this Spring did not seem to share the fantastic runs enjoyed by other East Coast rivers. Some idea of the change from Spring to Autumn on this beat was the record for 1958 when over 250 were killed by September compared with a tenth of that number this year so far.

While I was there the nets, which have by now been lifted of course, were catching a lot of fish. So much so that they could be bought wholesale for £1.30 per lb from the legal netters.

This brings me to another point which has always puzzled me. Everyone is deploring the falling off in the number of salmon and sea trout in some rivers which are caught by rod and line. Every one, who is every one, blames the Greenland fishermen, the drift netters at sea, and the poacher on the river. Yet no one appears to question the rights of the river and estuary nets to carry on regardless.

Why should not the activities of these people, often enjoying hereditary rights, be looked at in the interests of the common good. Conservation is fashionable now, and there is no reason why estuarine netting should not have to be further controlled in the interests of improving stocks.

The benefits would be enormous overall. The capital value of beats, their rents and rates would go up fast, based as they are on catches. Overall, stocks of fish would be bound to rise in time.

ENTERTAINMENT GUIDE IS CONTINUED ON PAGE 14

ARTS

Enter Gilgamesh

RADIO
ANTHONY CURTIS

Interval talks are one of those acquired tastes I have never succeeded in acquiring. However, I do sometimes find myself hearing one willy-nilly, through sheer inertia. Thus it was on Wednesday night, in between the two parts of the Rozhdestvensky concert, I listened to Christopher Booker expatiating for 20 minutes on *The Questing Hero* (Radio 4, October 11). Mr. Booker pointed to certain features common to all quests in literature whether they have as their object the holy grail, the founding of a new city, or the establishment of a secure, fertile rabbit warren (as in *Watership Down*). He showed how marriage, or union with a beloved partner, marks the end of the quest and the renewal of the hero, with whom we all identify.

I began to prick up my ears at this point because I had been listening earlier in the week to Margaret Rose's play, *The Flower of Immortality* (Radio 3, October 8) which was a dramatisation of the earliest story of a quest to have survived in literature, that of the Babylonian and Assyrian hero Gilgamesh, whose adventures preceded those of the *Iliad* by almost 2,000 years. This play in its fidelity to the original legend fulfilled all Mr. Booker's requirements for a vintage quest and I thought he must be going to bring it out with a flourish at the end. But no, he concluded with Dante instead. Even so there was a strong case here for some "cross-trailing" between the two programmes if anyone had thought of it.

Unlike Peter Pan who has been much on our minds in another medium this week, Gilgamesh does not mind growing up and accepting adult responsibility; but as a mighty ruler he objects to having to die. His quest which involves him in a wrestling-match with a wild man Enkidu who afterwards becomes his bosom friend, the slaying of a Gorgon-like monster, the navigation of a perilous river, and similar exertions, has for its goal the plucking of a small plant which will confer immortality on him. Radio is right for the dramatic recreation of such a quest because it places it firmly where it belongs, in the imagination of the listener. The danger, though, when you come to dramatise and to make epic heroes talk in common or garden dialogue is that they sound embarrassingly portentous in a sort of sub-Kipling manner with the actors putting on frightfully significant voices and lots of echo for back-up.

Luckily the producer, Liane Aukin, seemed aware of this and used the radiophonic sound with restraint, coaxing some good performances from her starry cast. Nigel Anthony is a fine, experienced radio actor and he managed to make the Herculean role of Gilgamesh humanly credible with his combination of manly courage and childish fear. Stephen Rea is such another, coming over strongly as Enkidu, and after his death the Irish note (which represented here the supernatural) was sounded by the Ferryman of Denys Hawthorne, harbinger of death, to whom Gilgamesh must eventually submit, and who also served as the linking commentator on the action.

I suppose you would need the genius of a Jean Cocteau to make this kind of legendary assault-course moving and funny as well. The only time we had a gleam of humour was in an encounter between Gilgamesh and an ancient king who has discovered the secret of immortality and obviously hates it. Thanks to a neat performance as this weary monarch, very anti-visitors, by Harold Kasket, the switch to comedy was welcome. Paddy Kingsland was in charge of the effects and he devised some suitably Sumerian twanging and banging.

One of the pleasures of radio drama is being able to listen from time to time to Dame Flora Robson. In July of last year she appeared in a play about an elderly nun, *Sister Ninian's Nightingale*; we have had to wait until this week to hear her again, in a new play by the same author, Charlotte Hastings. *The Soft September Air* (Radio 4, October 9) conceived of Dame Flora as a widowed writer living on her own but within range of the campus of a new university. She agrees to take a trio of students in as lodgers for the year and thus becomes involved with the hang-ups of the younger generation while they experience an unexpected cushioning against reality from her presence. It was a promising beginning but somehow, even with a helpful production by Graham Gauld and a lively cast, it did not work out as well as the earlier play. Andrew Branch was the civilised romantic student who falls more than half in love with her and Kenneth Shanley the red-haired radical whose girlfriend smashes up the lady's lovely home. In spite of their efforts and Dame Flora's impeccable concentration the mixture went soggy and tasted disagreeably sugary.

The Merchant by Wesker

THEATRE
MICHAEL COVENEY

The Merchant of Venice has been a drain on the modern theatre's liberal predisposition ever since Stoll's famous essay denouncing its anti-semitism. In recent years, Jonathan Miller has found unexpected richness by establishing Shylock as a contemptuous participant in Edwardian mercantile society, while Charles Marowitz has attempted to re-work the play in terms of contemporary military Zionism.

Arnold Wesker's subtle re-writing at the Birmingham Rep achieves a double and wholly unexpected triumph. It suggests that Shylock, a dispenser of enlightened intellectualism in the Venice ghetto, at the very centre of an under-cover refugee operation, is the true Jew, a man steeped in the literature of the past, whose business interests are only a means of maintaining a tradition of humane Judaism in a Philistine society. It also establishes the merchant Antonio as the conscience-ridden centre of activity, a cherished colleague who satellites Shylock's bookish pursuits with a mixture of admiration and awe.

In one sense, this is familiar Wesker territory, many of Shylock's long speeches echoing the trust in knowledge as a passport to civilised life as expressed at the conclusion of *Roots*.

The first act of this complex play, seen briefly on Broadway last year, is, however, alarmingly undramatic. We encounter Shylock dusting down his carefully preserved library in the company of an Antonio wracked with guilt over his professional exploits. Shylock's table is a meeting place for artists, architects and travelling playwrights. He agrees to a "nonsense bond" over the loan of 3,000 ducats to Antonio, who needs the money, as in Shakespeare, for Bassanio's visit to Portia and her caskets.

The lads of Venice—Bassanio, Lorenzo and Graziano—gather to dispute the meaning of nobility and power, their puny arguments exploded by the alien in their midst, whose religion (and religion, he says, "is the condition of being Jewish") and learning entitle him to do so.

Portia is a frighteningly sensible girl, played with shining lucidity by Angela Down. She is both well-read and practical about the future ("We have no soul without labour"). Her unravelling of the court-room climax is a mere matter of common sense, unhedged by manly disguise or flowery sentiments. And she knows, as well as does Antonio, that the man she is to marry is "one of whom it can only be said that he's there."


Angela Down and Tim Hardy

Christopher Morley's stunning design, a series of Venetian projections on a right-angled background, moves at the press of a button from crumbling sun-baked porticos, to tree-lined Belmont and the panelled red room of the court where André van Gyseghem's magisterial doge presides over a poignant reversal of Shakespeare's scene.

It is Antonio who insists on the exactment of the pound of flesh, having lost his ships and his ability to pay up. Shylock remains silent, until the petty oratory of Lorenzo, blathering on about Jews and usury weakening the fabric of Venetian life, is blasted by David Swift's magnificent outburst proclaiming that his humanity is a right, not a privilege. The irony is that Lorenzo is at this point speaking Shakespeare, to whit the "Hath not a Jew eyes" speech.

The law takes over the final denouement, but cannot destroy the central friendship of merchant and scholar. By this time, Shylock is talking about Jerusalem, and Antonio is promising to visit the potentially firecracker domestic hearth of Portia and Bassanio.

At the interval, I wondered to what extent the play would relate to a non-Jewish audience. In the end, I feel it to be a play of considerable merit, warmth and importance for all. The director is Peter Farago.

'Bubbling Brown Sugar' director to take over lead role

The replacement for Billy Daniels, who has left the cast of *Bubbling Brown Sugar*, is the man who knows the role better than anyone else — the musical's director and choreographer, Charles Augins.

Augins played a major singing and dancing role in the show at the Royalty Theatre, for the first three months of its run. He rejoins the cast tonight.

CHESS SOLUTIONS

Solution of Position No. 237

1 KxP! N-K5 (if NxN: 2 BxB, KxB; 3 RxP ch wins easily); 2 RxP! B-R1 (if NxQ: 3 RxB ch, K-R1; 4 RxRP dis ch, K-N1; 5 N-K7 ch); 3 N-K7 ch, RxN; 4 R-N7 mate.

Solution of Problem No. 237

1 Q-R3, P-K4; 2 R(B4)-K4, and mate next move.

Prometheus

DUBLIN FESTIVAL
B. A. YOUNG

The title of The Living Theatre's *Prometheus* is sometimes given as *Prometheus Changed*; and change has been its lot since it opened at the Olympia, Dublin to unsympathetic notices. An hour had to be cut before the first night, and almost another hour later on, when it ran three hours 20 minutes plus. (What the plus is, I will explain in a moment). The most unkindest cut of all was yesterday's performance, which was cancelled because, the Festival authorities say, the attendance figures and advance bookings were so low.

The silver lining to this cloud is that Estelle Parsons, who has been giving her one-woman show *Miss Margarida's Way* at the Edmund Burke Hall of Trinity College, can now give it at the Olympia today to a bigger audience. Miss Parsons and Julian Beck of The Living Theatre exchanged affectionate compliments over the matter.

Prometheus is unusual in The Living Theatre's repertory — a whole act is played in modern dress with modern dialogue. The first act, more characteristic, deals with a moral issue of Prometheus's theft of fire from the gods. It is full of poetic digressions not always easy to follow, and the classic story is found to include references to Aeschylus, Pythagoras, the Noh Theatre, Io (the lady whom Zeus turned into a cow) and Mahatma Gandhi. Often interesting to look at on its complex set of scaffolding, its progress is too random to make the emotional impact intended. The audience is closely involved; there was a girl in my seat when I arrived, bound hand and foot with a black silk cord, who had to be released before she could take her place on the stage. Players, some of them stark naked, wander about the stalls, sometimes with urgent messages for us, such as "We will change the wind!"

The second act reveals Prometheus' relevance. It deals with the conflict between the Communists and the Anarchists at the time of the Russian revolution; Lenin is Prometheus, and the fire is workers' power. But just as fire brought distress to the world ("Who will pay my light-bill? My gas-bill?" Io wails), so Lenin brings distress to the workers, specifically to the Anarchists, who had hoped to be involved in the new order and found themselves in prison instead. Lenin, Trotsky, the Tsar, the Anarchists Emma Goldman and Alexander Berkman—they're all there.

But the core of this act is a representation of the storming of the Winter Palace, for which extras are invited from the audience. The audience when I was there was sparse but intelligent, attentive and patient, and a score of volunteers were easily found.

The third act is short. The company, perched at the top of the scaffolding, announce that they are going to the Ministry of Justice for a silent vigil to protest against the building of a prison for young teenage delinquents. They then pass through the house and out into the street to do that thing, followed by the right-minded members of the audience. This is the plus.

Barry Manilow

"You'd better ring your baby sitter and tell them you'll be late tonight because we are going to give you everything we've got," said Mr. Manilow as he creaked on to the stage at the Palladium this week looking like a cross between a wooden puppet and a peroxide parrot. It was pure moonshine, of course, because the show went according to the computer and we were pulling ourselves together after little more than two hours, interval included.

Yet although you think you are going to be nasty about Barry Manilow, the latest leaf of show biz legend, by the end the way he fails to be completely plastic and programmed is rather endearing. With his New York backdrop and his Las Vegas all-singing, all-gyrating backing girls, with his romantic ballads and his fulsome chat, there should be a completely cold and calculating personality. But somehow Barry Manilow still retains some of the gushing nervousness of a starter in the business rather than a star.

Also his voice has an impressive range and his Radio 2 songs, *Mandy* and *I write the songs*, are very good of their type. He was better in the second half when the girls were slinkier and Manilow less exuberant, and he was better when hiding behind the piano than moving stiffly around the stage. The band was good; the entertainment bland; but the well dressed ladies in the audience seemed to think it a fine night out. And if Barry Manilow sometimes thinks he is abusing his talent he has the money and applause as compensation.

ANTONY THORNCROFT

Solti

MUSIC
DAVID MURRAY

On Thursday night at the Festival Hall Sir Georg Solti conducted the first of three concerts with the London Philharmonic, before he settles in as Principal Conductor next season. His soloist in the most splendid of Mozart's piano concertos, the C major K. 503, was Alicia de Larrocha, and they made a happy partnership. Solti's courtly deference to her cost the music nothing, for if she does not make an outsize sound her playing crackles with rhythmic electricity. There was not a limp phrase in the performance, nor any bumpy emphasis; tingling lucidity buoyed up every movement, and Solti scaled the pomp of the orchestral part to a nicety. The suggestive swerves from major to minor and back were not allowed to loom—the points were made with classical restraint, and serene elegance reigned.

Bruckner's 6th Symphony, in A, was the other work. Broad, ruminative Bruckner performances are not to be expected from Solti, and certainly there was an excess of adrenalin in this one: many a ritardando w[...] registered only at the [...] possible moment, or not at [...] and most of the sections mar[ked] *Ruhig* ("calm") were loa[ded] with tension. Still, the Sixth by Bruckner's standards [is a] toughly compact work, e[...] impacted, and Solti's relent[less] drive through it brought [...] aspect powerfully to the f[ore]. The four movements [are] elaborately, cogently lin[ked]; Solti missed nothing of th[e] rendering the half-concealed [con]nections vivid and telling.

Needless to say, this penet[rat]ing exposition had no acade[mic] flavour—Solti encouraged [the] orchestra to roar brilliantly [at] all the opportunities provided; [he] seems to recoil from the no[tion] that a *tutti* might begin a[t a] mere mezzo-forte, let al[one] recede to a piano. The Lon[don] Philharmonic achieved alm[ost] the sensationally clear textu[re] of the Chicago Sympho[ny's] Bruckner under Solti last mo[nth], and graced with distinctly m[ore] musical individual playing[, as] well as many more genuin[e] pianissimos (if fewer than th[e] composer expected). It was a co[n]sistently exciting performanc[e], but neither breathless nor brut[al], only chivvied along a b[it] ungently; if Solti would occ[a]sionally relax his impressi[ve] grip on Bruckner's music a[nd] allow *Ruhigkeit* to descend, [it] would blossom marvellously.

TV/Radio

† Indicates programme in black and white

BBC 1

9.05 am Cut and Thrust. 9.30 Multi-Coloured Swap Shop. 12.28 pm Weather.
12.30 Grandstand: Football Focus (12.35); Golf (1.00, 2.10, 3.35) Colgate World Matchplay Championship — semi-finals; Australian Rules (1.15) Victorian Football League Grand Final from Melbourne; Boxing (1.55) Light Welterweight Championship of Great Britain: Clinton McKenzie v Jim Montague; Racing from Ascot (1.50, 2.20, 2.50); the 1978 Cricket Awards (3.10); 4.40 Final Score: Classified football results. League reports, racing and rugby results.
5.10 News.
5.20 Sport/Regional News.
5.25 Noel Edmonds' Lucky Numbers.
6.20 Dr. Who.
6.45 Larry Grayson's Generation Game.
7.40 All Creatures Great and Small.
8.30 Little and Large.
9.00 Starsky and Hutch.
9.50 News.
10.00 Match of the Day.
11.00 Parkinson.

All Regions as BBC1 except at the following times:

Wales—8.45 am Cut and Thrust. 9.10-9.30 Wir I Chi. 5.20-5.25 pm Sport/News for Wales. 12.00 News and Weather for Wales.

Scotland—4.55-5.10 pm Scoreboard. 5.20-5.25 Scoreboard. 10.00 Sportscene. 10.30-11.00 Scotch and Wry. 12.00 News and Weather for Scotland.

Northern Ireland—5.00-5.10 pm Scoreboard. 5.20-5.25 Northern Ireland News. 12.00 News and Weather for Northern Ireland.

BBC 2

†3.5 pm Saturday Cinema "Postman's Knock" starring Spike Milligan.
4.30 Horizon.
5.25 Play Sport.
5.50 Network.
6.20 The Old Grey Whistle Test featuring Jethro Tull.
7.05 News and Sport.
7.15 My Music.
7.40 In Performance: "The Belle of Amherst," play based on the life of Emily Dickinson.
9.00 Golf: Colgate World Matchplay Championship (highlights).
9.50 Francois Truffaut Season: "Anne and Muriel" starring Jean-Pierre Léaud.
11.30 News on 2.
†11.35 Midnight Movie: "Home at Seven" starring Ralph Richardson, Margaret Leighton and Jack Hawkins.

LONDON

8.50 am The Saturday Banana with Bill Oddie, part 1. 8.55 Sesame Street. 9.45 The Saturday Banana, part 2. 10.15 The Monkees. 10.45 The Saturday Banana, part 3. 11.30 Tarzan.
12.20 pm World of Sport: 12.35 Headline; 1.15 News from ITN; 1.20 The ITV Seven—1.30, 2.00, 2.30 and 3.00 from York; 1.45, 2.15, and 2.45 from Ayr; 3.10 International Sports Special — Australian Rules Football plus Amateur Boxing—USA v Cuba from Madison Square Garden, New York; 3.50 Half-time Soccer Round-up, 4.00 Wrestling; 4.50 Results Service.
5.05 News.
5.15 Cartoon Time.
5.30 Happy Days.
6.00 Mind Your Language.
6.30 The Incredible Hulk.
7.25 Bruce Forsyth's Big Night.
9.15 The Professionals.
10.15 News.
10.30 Twist in the Tale.
11.25 Saturday Night People.
12.10 am Another Bouquet.
1.10 Close: A German landscape and music by Richard Wagner.

All IBA Regions as London except at the following times:

ANGLIA

9.00 am Cartoon Time. 9.15 The Bubbles. 9.20 The Next Week Show. 5.15 pm How the West was Won. 6.55 Mind Your Language. 10.30 Celebrity Concert. 12.10 am The Spare Tyres. 12.40 At the End of the Day.

ATV

9.10 am Home Produced. 9.35 Focus on Soccer. 10.05 The Lost Island. 10.30 Tiswas. 5.15 pm Spiderman. 5.30 The Bionic Woman. 6.25 Doctor on the Go. 6.55 Mind Your Language. 10.30 Saturday Cinema: "Wait Until Dark," starring Audrey Hepburn.

BORDER

5.15 pm How the West Was Won. 6.55 Mind Your Language. †10.30 Film: "The Barefoot Contessa," starring Ava Gardner and Humphrey Bogart.

CHANNEL

12.18 pm Puffin's Pla(i)ce. 5.15 Cartoon-time. 5.30 The Life and Times of Grizzly Adams. 6.30 Happy Days. 6.55 Mind Your Language. 10.30 Feature Film: "The Group."

GRAMPIAN

9.00 am Scene on Saturday including Birthday Greetings and The Secret Lives of Waldo Kitty. 9.30 Sesame Street. 10.50 The Beachcombers. 11.00 Tarzan. 12.00 The Monkees. 5.15 pm How the West Was Won followed by Area Weather Forecast, Highland League and Shinty Results. 6.55 Mind Your Language. 12.00 am Reflections. 12.15 Night Gallery.

GRANADA

9.30 am Focus on Soccer. 9.55 Sesame Street. †11.00 Saturday Matinee: "The Land Unknown." 5.15 pm How the West Was Won. 6.55 Mind Your Language. 10.30 An Audience with Jasper Carrott. 11.00 The Late Film: "The Group," starring Candice Bergen.

HTV

9.00 am Doctor! 9.30 Ten on Saturday. 9.45 Lassie. 10.15 Batman (part 1). 10.30 Tiswas. 11.15 Batman (part 2). 11.30 Pop Spot. 11.35 Ten on Saturday. 11.40 Star Maidens. 12.10 pm Popeye. 12.20 Ten on Saturday. 5.15 How the West was Won. 6.55 Mind Your Language. 10.30 Bing Crosby: His Life and Legend.

HTV Cymru/Wales—As HTV General Service except: 6.55-7.25 pm Sion a Sian.

SCOTTISH

9.00 am Funky Phantom. 11.30 The Bionic Woman. 5.15 pm How the West Was Won. 6.55 Mind Your Language. 10.30 Bing Crosby—His Life and Legend. 12.25 am Late Call.

SOUTHERN

8.55 am Tarzan. 11.30 Logan's Run. 12.27 pm Regional Weather Forecast. 5.15 How the West Was Won. 6.55 Mind Your Language. 12.15 am Havoc. 12.45 Southern News.

TYNE TEES

9.00 am Lyn's Look-In. 9.05 The Six Million Dollar Man. 9.50 The Gene Machine. 10.20 Lyn's Look-In. 10.30 The Saturday Morning Film: "The Helicopter Spies" starring Robert Vaughn and David McCallum. 12.15 pm Lyn's Look-In. 5.15 How the West Was Won. 6.55 Mind Your Language. 10.30 "Puppet on a Chain" starring Sven-Bertil Taube. 12.20 am Epilogue.

ULSTER

10.00 am Saturday Morning Movie: "Sitting Pretty," starring Robert Young, Maureen O'Hara and Clifton Webb. 11.30 Sesame Street. 5.00 pm Sports Results. 5.15 How the West Was Won. 6.55 Mind Your Language. 10.30 Feature Film, "Puppet on a Chain," starring Sven Bertil Taube.

WESTWARD

9.05 am The Runaways. 9.50 Survival. 10.20 Saturday Morning Picture Show: "Mr. Texas Style," starring John Mills. 11.55 Look and See. 12.00 Focus on Soccer. 12.25 pm Gus Honeybun's Birthdays. 5.15 Cartoon time. 5.30 The Life and Times of Grizzly Adams. 6.30 Happy Days. 6.55 Mind Your Language. 10.30 Feature Film: "The Group," starring Candice Bergen. 1.00 am Faith for Life.

YORKSHIRE

9.00 am The Amazing Chan and the Chan Clan. 9.20 Space Ghost and Dino Boy. 10.15 The Paper Lads. 11.30 Code R. 5.15 pm How the West Was Won. 6.55 Mind Your Language. 10.30 "Puppet on a Chain," starring Sven-Bertil Taube.

RADIO 1 — 247m

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 8.06 Ed Stewart with Junior Choice (S). 10.00 Peter Powell. 1.31 pm Rock On (S). 2.30 Paul Gambaccini (S). 5.31 It's Rock 'n' Roll (S). 6.30 In Concert (S). 7.30-2.02 am As Radio 2.

RADIO 2 — 1,500m and VHF

5.00 am News Summary. 5.02 Tom Edwards (S) including 8.03 Racing Bulletin. 8.06 As Radio 1. 10.02 Golf: Colgate World Matchplay semi-finals (report). 10.05 Tony Brandon (S) including 11.02 Golf (further report). 12.02 pm Golf (latest news). 12.05 Two's Best (S). 1.02 The Cheeky Chappie: Two-part profile of Max Miller. 1.30-5.55 Sport on 2: Football League Special (1.30, 2.05, 3.35, 3.45, 3.45); Golf (1.30, 2.05, 2.35, 4.50) Colgate World Matchplay Championship—semi finals; Rugby (1.30, 2.05, 2.45, 4.50) England XV v. Argentina; Racing from Ascot (1.30, 2.00, 2.35 with a classified check at 4.50); 5.00 Sports Report: Classified Football checks at 5.00 and 5.45; Rugby Round-up 5.25. 6.03 Europe 78 with Nordring Round-about. 7.02 Beat the Record. 7.30 Radio 2 Top Tunes (S). 8.15 John Leslie plays the recording (S). 8.30 Don Lusher Big Band in Band Parade (S). 9.30 Saturday Night with the BBC Radio Orchestra (S). 11.02 Sports Desk. 11.10 Peter Wheeler with The Late Show (S) including 12.00 News. 2.00-2.02 am News Summary.

RADIO 3 — 464m, Stereo & VHF

†7.55 am Weather. 8.00 News. 8.05 Aubade (S). 9.00 News. 9.05 Record Review (S). 10.15 Stereo Release (S). 11.40 BBC Scottish Symphony Orchestra (S). 1.00 pm News. 1.05 Edith Mathis song recital (S). 2.05 Man of Action: Sir Robert Mark chooses records (S). 3.15 Basically Baroque concert, part 1: Handel, Britten, Bach (S). 4.05 Interval Reading. 4.10 Concert, part 2: Handel, Purcell. 4.55 Jazz Record Requests (S). 5.30 Der Ring des Nibelungen: Music drama in three Acts by Wagner: "Götterdämmerung," Act 1 (S). 7.35 Critics' Forum, part 1. 8.10 Götterdämmerung, Act 2 (S). 9.20 Critics' Forum, part 2. 9.55 Götterdämmerung, Act 3 (S). 11.15 Sonnets on Photography. 11.45 News. 11.50-11.55 Tonight's Schubert Song.

Radio 3 VHF Only—6.00-8.00 am Open University.

RADIO 4 — 434m, 330m, 285m and VHF

6.30 am News. 6.32 Farming Today. 6.50 Yours Faithfully. 6.55 Weather: programme news. 7.00 News. 7.10 On Your Farm. 7.40 Today's Papers. 7.45 Yours Faithfully. 7.50 It's a Bargain. 7.55 Weather: programme news. 8.00 News. 8.10 Sport on 4. 8.45 Today's Papers. 8.50 A City Walk. 9.00 News. 9.05 International Assignment. 9.30 Conference Special: The Conservative Party (report). 9.55 News Stand. 10.15 Daily Service. 10.30 Pick of the Week. 11.20 Time for Verse. 11.30 Wildlife. 11.55 Spiegl on Saturday. 12.00 News. 12.02 pm A Bar for Nothing with Johnny Morris (S). 12.27 The Jason Explanation of Illness (S). 12.55 Weather: programme news. 1.00 News. 1.15 Any Questions? 2.00 Bookshelf. 2.30 Saturday-Afternoon Theatre. 3.30 Does He Take Sugar? 4.00 Landlord or Tenant? 4.45 Enquire Within. 5.00 Kaleidoscope Encore. 5.30 Week Ending (S). 5.55 Weather; programme news. 6.00 News. 6.15 Desert Island Discs. 6.50 Stop the Week with Robert Robinson. 7.30 These You Have Loved (S). 8.30 Saturday-Night Theatre (S). 9.58 Weather. 10.00 News. 10.15 A Word in Edgeways. 11.00 Lighten Our Darkness. 11.15 News. 11.33 The Unforgettables (S).

BBC Radio London — 194m and 95.8 VHF

5.00 am As Radio 2. 7.32 Good Fishing. 8.00 News: weather, traffic, shopping, sports news. 8.15 The London Gardener. 8.30 Saturday Scene. 10.30 Sportscene. 11.30 The Robbie Vincent Saturday Show. 2.00 pm Bob Powel with London Country. 4.30 Marjorie Bilbow with Close Up. 5.00 Between the Covers. 5.30-Close As Radio 2.

London Broadcasting — 206m and 94.9 VHF

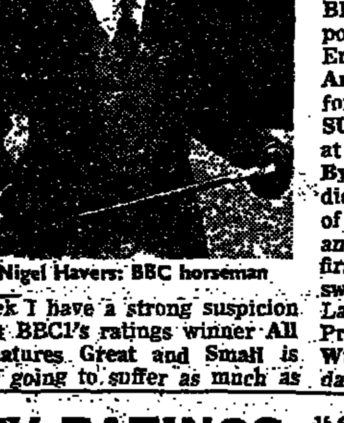
5.00 am Morning Music. 6.00 AM: weekend news, reviews, features, sports. 10.00 Jellybone. 1.00 pm Saturday Sport. 6.00 After Six. 6.30 Hugh and You with Hugh Williams. 7.00 Geet Mala—music, information interviews in Hindustani. 8.00 Saturday Music. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio — 261m and 97.3 VHF

6.00 am Kerry Juby's Breakfast Show (S). 9.00 Capital Countdown with Peter Young (S). 12.00 Kenny Everett (S). 3.00 pm Afternoon Delight with Duncan Johnson (S). 6.00 Greg Edward's Soul Spectrum (S). 9.00 Nicky Horne's Mummy's Chart (S). 11.00 Mike Smith's American Dream (S). 12.00 Mike Smith's Backseat Boogie (S). 2.00 am Peter Young's Night Flight (S).

WEEKEND CHOICE

SATURDAY: Having watched the opening edition of Bruce Forsyth's Big Night on ITV last week I have a strong suspicion that BBC1's ratings winner All Creatures Great and Small is not going to suffer as much as some people had suggested. [The] idea of having Forsyth [to]gether 1½ hours of light en[ter]tainment sounds like a win[ner], but items such as the electr[onic] TV-game "Teletennis" ar[e so] weak that even the most le[thar]gic viewer will surely cha[nge] channels.


Nigel Havers: BBC horseman

Personally I shall be watc[hing] BBC2 anyway for Julie Har[ris's] portrayal of American [poet] Emily Dickinson in The Bell[e of] Amherst (7.40 in the "In [Per]formance" slot).

SUNDAY: If you turn on BB[C1] at 7.15 for A Horseman Rid[ing] By, which offered the spl[en]didly satisfactory come-uppan[ce] of Arabella Codsall last we[ek] and sees the birth of Grace['s] first child this week, you ca[n] switch to ITV at 8.15 for Lill[ie] Langtry's first meeting with th[e] Prince of Wales in Lillie. Sav[e] Wuthering Heights for the Fr[i]day repeat. C.D.

TV RATINGS
w/e Oct. 8

1 Coronation Street (Mon.) (Gran.)	16.85
2 Robin's Nest (Thames)	15.75
3 George and Mildred (Thames)	15.56
4 321 (Yorks)	14.95
5 Professionals (LWT)	14.65
6 Bruce Forsyth (LWT)	14.55
7 Mastermind (BBC)	14.15
8 Mixed Blessings (LWT)	14.10
9 Sweeney (Thames)	13.75
10 Coronation Street (Wed.) (Gran.)	13.70
11 Rag Trade (LWT)	13.45
12 Cooper (Thames)	13.25
13 Larry Grayson (BBC)	13.20
14 Crossroads (Tues.) (ATV)	13.00
14 Crossroads (Wed.) (ATV)	13.00
16 Crossroads (Mon.) (ATV)	12.9[illegible]
17 Crossroads (Thurs.) (ATV)	12.9[illegible]
18 The Saint (ATV)	12.7[illegible]
19 All Creatures (BBC)	12.65
20 Lingalongamax (Thames)	12.40

Figures compiled by Audits of Great Britain for the Joint Industrial Committee for Television Advertising Research (JICTAR).

U.S. Top Ten (Nielsen ratings)

1 Three's Company (comedy) (ABC)	30.3
2 Mark and Mindy (comedy) (ABC)	30.1
3 Happy Days (comedy) (ABC)	27.2
4 NFL Football (sport) (ABC)	26.5
5 BJ and the Bear (film) (NBC)	26.1
6 Taxi (sit/com) (ABC)	26.1
7 Barney Miller (comedy) (ABC)	26.0
8 AM League (sport) (CBS)	25.0
9 Carrie (film) (CBS)	24.9
10 60 Minutes (News) (CBS)	24.3

A Nielsen rating is not a numerical total.

ENTERTAINMENT GUIDE—cont.

THEATRES

DUCHESS. 836 8243. Mon. to Thurs. Evenings 8.00. Fri., Sat. 6.15 and 9.00. OH! CALCUTTA! "The nudity is stunning." Daily Mail. 9th Sensational Year.

HAYMARKET. 01-930 9832. Evs. 8.00. Mats. Wed. 2.30. Sats. 4.30 and 8.00. GERALDINE McEWAN CLIVE FRANCIS NIGEL STOCK [...]

OPEN SPACE. 387 6969. Krapps Last Tape and Endgame by BECKETT. Pre. Tues. 8. Opens Wed. 7. Subs. Tues. to Sun. 8 pm.

PALACE. CC. 01-437 6834. Mon.-Thur. 8.00. Fri. and Sat. 6.00 and 8.30. [...]

REGENT (Oxford Circus). 01-637 9862-3. Evgs. 8.30. Mats. Fri. and Sat. 6.00. TAKE THE FAMILY TO THE GREAT AMERICAN BACKSTAGE MUSICAL "A little jewel." Financial Times. "Smart, swell show." Daily Express. [...]

VAUDEVILLE. 836 9988. Evgs. 8.00. AN EVENING WITH DAVE ALLEN "UNDOUBTEDLY THE FUNNIEST SHOW IN TOWN." Sun. Express. LIMITED SEASON until Dec. 2

VICTORIA PALACE. 834 1317. 828 4735-6. [...]

CINEMAS

ABC 1 & 2, SHAFTESBURY AVE. 836 8861. Sep. Perfs. ALL SEATS BKBLE. 1: Driver (A) Wk. & Sun. 2.15, 5.30, 8.30. Late show Tonight 11.30. 2: Driver (A). Wk. & Sun. 2.00, 5.15, 8.15.

[...]

COLLECTING

Oyster days

BY JUNE FIELD

Ah, hapless wretch ! Condemned to dwell
For ever in my native shell
Ordained to move when others please . .

commiserated Cowper in *The Poet, the Oyster and the Sensitive Plant.*

Henry Mayhew in *The Street Trader's Lot London 1851* (edited by Stanley Rubinstein, Sylvan Press 1947), calculated that 124,000,000 oysters were sold by the costermongers in the streets every year at an average price of four a penny, involving an annual expenditure of £125,000. The peak consumption of oysters appears to have been about 1860-64, and measures for controlling oyster beds were included in the Sea Fisheries Act of 1868.

There was a steep decline in consumption about 1870, and six years later the position of the oyster fisheries was so serious that the Government appointed a select committee to enquire into the scarcity and high prices of oysters. At the oyster stall customers gave "Two penn'orth for a whet," swallowing "as if they was taking poison in a hurry. They did not touch the bread or butter once in twenty times, but they'll be free with the pepper and vinegar."

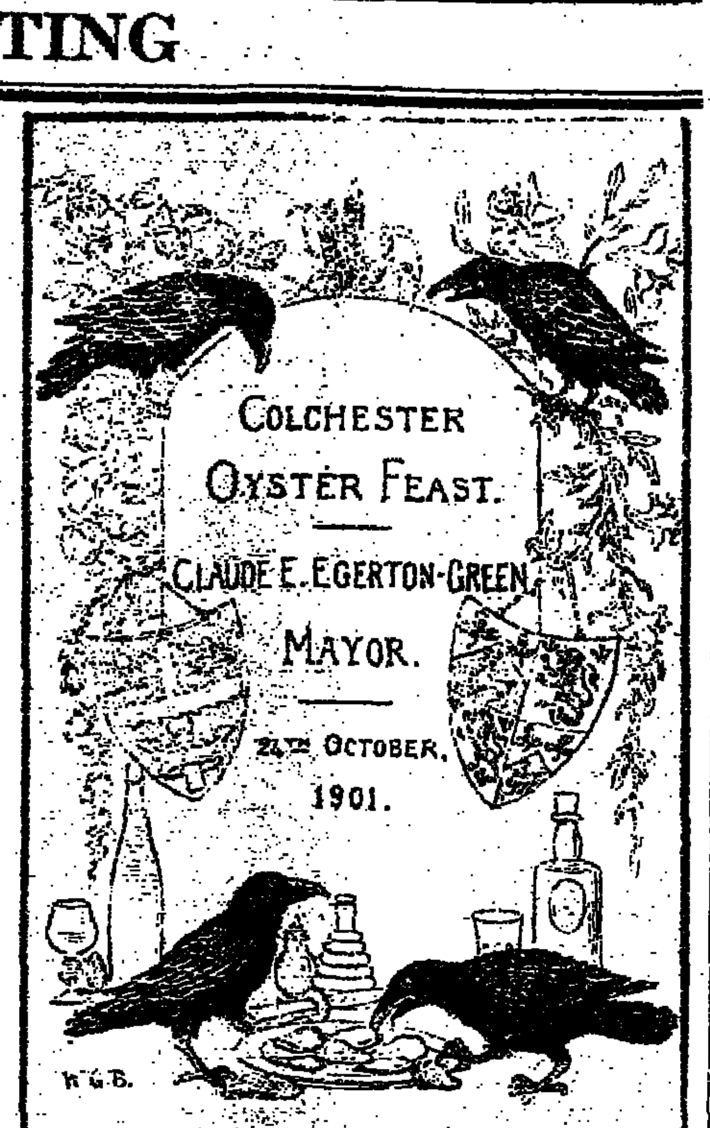
Dickens's Sam in *The Pickwick Papers* commented that "poverty and oysters always seem to go together," while Mr. Weller remarked "You'd ha' made an uncommon fine oyster," referring to Sam's "wery good power o' suction."

Lewis Carroll's *Through the Looking Glass* had his four young Oysters all eager for the treat, their coats brushed and shoes clean and neat—

And this was odd, because you know,
They hadn't any feet.

Sherlock Holmes asked in mock delirium in *The Adventure of The Busy Detective:* "Shall the world, then, be overrun by oysters?" In *The Sign of the Four* Holmes and Watson shared oysters with the detective Athelney Jones.

Alexandre Dumas, creator of *Monte Cristo* and *The Three Musketeers*, who also produced a mammoth cook book, *Le Grand Dictionnaire de Cuisine* published in 1873 after his death, designated the oyster as one of the most deprived molluscs in the kingdom of nature. "Being acephalic, that is to say having no hands, it has neither an organ of sight, hearing or smell. It also lacks an organ of locomotion. Its only exercise is sleep and its only pleasure is to eat." Referring to a current cry "The oysters are going away," he pointed out that the first effect of this was to make the price of oysters go up from 50 centimes a dozen to one franc 30 centimes.



Programme and menu cover Colchester Oyster Festival, 24 October 1901, on display among 850 transient printed items at the Ephemera Society's exhibition, "All The Year Round," which opened this week until November 16 at Paper Point, Poland Street, London, W1.

Dumas père (1802-1870), insisted that empires stood or fell by their attitudes to food. Heliogabalus had a historian just to describe his meals, Augustus only bothered to rebuild Carthage because of its ancient cuisine, and it was an attack of *bulimia*, or insatiable hunger, that caused Esau to sell his birthright for a mess of portage.

For many years Dumas had contemplated writing a cook book, and in 1869, feeling old and unwell, he retreated to Roscoff in Brittany, armed with a collection of cookery books, his own material on the subject, plus contributions from famous restaurateurs. After delivering the manuscript to his publisher, he set off for the South of France but was taken ill at Marseilles after hearing of the outbreak of the Franco-Prussian war. He managed to make his way to Puys, near Dieppe, where his son had a house, but died before the book went to print.

The original work was monstrously long. Now a lively, readable version, *Dumas on Food: Selections from the Grand Dictionary*, £7.75, translated and abridged by Alan and Jane Davidson, has just been published in a stylish edition by The Folio Society. The dictionary ranges from the effects of Absinthe to a recipe for Wild Boar with cherry sauce and Woodcocks flamed with rum.

To get Folio books, which are not on sale generally, you need to be a member of the society. Membership is £1.40 a year for the quarterly magazine, plus a commitment to buy four books (from £2.95 to about £10 each). In addition you get Christopher Hogwood's *Music at Court* free, and free membership of The National Book League. I find the Folio books are a joy to handle with their range of distinctive bindings—pictorial cloth, hand marbled paper, vegetable parchment, buckram blocked in gold and leather with wood veneer sides. Send large sae or label for prospectus and bookmark to John Letts, The Folio Society, 202, Great Suffolk Street, London S E.1.

More of the mollusc at the fascinating *All the Year Round* exhibition of the Ephemera Society which opened on Tuesday until November 16 at Paper Point, Poland Street, London, W.1. Among the 850 period items of transient printed objects of every day life is a programme and menu cover of the Colchester Oyster Feast held on October 24, 1901. Colchester has owned the oyster-fisheries in the River Colne, since Richard I gave them to the town in 1186, an ancient Proclamation dated 1256, asserting that the fishery rights have belonged "from time beyond which memory runneth not to the contrary." The Oyster Feast, which was disbanded in 1835, has been revived, and this year's festivities, when some 12,000 oysters are expected to be consumed is on October 27. For details on the Ephemera Society which has over 400 world-wide members, send sae to the secretary, Patrick Hickman Robertson, 12 Fitzroy Square, London, W1.

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY

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Saturday October 14 1978

Prosperity at risk

EACH SUCCESSIVE economic indicator makes it clearer that in real terms, the UK economy is performing better than for a long time past. Inflation has stablised at about 8 per cent. and seems likely to remain at this level for some months at any rate; City commentators are becoming increasingly optimistic about the outlook. Total output has risen 5 per cent in the last year, and 12½ per cent from its trough in 1975.

These figures owe a good deal to the North Sea, and manufacturing production, up 6½ per cent from its low point and only 2 per cent in the last year, still looks somewhat sluggish; but past experience suggests that these statistics will be revised upwards

The trade performance is on the face of it less encouraging, with a sharp swing back into current account deficit this month; but this is due mainly to erratic items and to a dock strike, and the underlying figures are encouraging. Export volume is now nearly 5 per cent higher than in the first nine months of 1977—which was itself a remarkable year for export growth. The figures for the whole year are likely to be better, with perhaps a 6 per cent volume increase.

Against the background of a home market boom and a sluggish increase in world trade, this is a far better competitive performance than we used to achieve. We have probably held our improved share of world trade in manufactures, and may even have improved it.

In any earlier decade, figures such as these would have been enough to support an enormous rise in business confidence; but in the turbulent 1970s, they leave out of account two factors which cast a shade over an otherwise encouraging prospect: cost pressures, and currency turbulence.

Price stability brought at the expense of profits threatens that we may, after this interval of recovery, succeed only in staggering from stagflation to stagnation; and the unchecked decline of the dollar remains a threat to the world trading environment. Any realistic sketch of our prospects must allow for these two threats.

The profits squeeze is at the moment a fact. In the last year, earnings have risen 15 per cent, and prices at the retail level only 7.8 per cent. This has not all been at the expense of margins; the pound has on average floated quite buoyantly in the 11 months since persistent intervention stopped, and import costs are marginally down

However, while a strong pound holds down non-labour costs, it also intensifies competitive pressures both in home and export markets; and the signs are that it is competition more than anything else which has restrained prices. The Government has threatened to check inflation through monetary restraint if its wages policy proves ineffective, and the Conservatives would make this their main weapon; but, in fact, it is the exchange rate—a reflection, in a floating world, of monetary policy—which is already holding prices down.

Recent profit figures have shown clearly what happens when companies are caught between cost pressures and competitive pressures. The recovery in margins which was an encouraging feature of 1977 has come to an end, and companies are once again having to borrow heavily to finance even the modest growth they are achieving.

The question now is whether cost pressures will intensify still further, as the Government's 5 per cent pay limit—a sensible economic target, even if it is not a viable pay policy—is competitively attacked by one trade union leader after another. If the claims now being lodged are taken at face value, the outlook is grim indeed.

However, there are signs that in some instances at least there is as much rhetoric as real militancy behind the enormous percentage figures being put up. Thus, shop stewards at Vauxhall have talked of their employer's limited ability to pay.

It is, of course, far too early to conclude from one or two tentative straws that what lies behind the 5 per cent. dam is a settlements level as low as 7 or 8 per cent. City forecasters with a good record talk of about 10. This is far too high to allow industry to finance large expansion, but less than ruinous.

Meanwhile, the troubles of the dollar are worrying the money markets. The dollar is now being depressed by selling from the smaller central banks, as sterling was in 1976. As a result, the intervention which continues from strong currency countries is no longer providing funds for the U.S. itself, and credit demand is driving up both the money supply and the rate of interest. Selling pressure and inflation fears assure continued weakness for the exchange rate.

London money market rates have risen in sympathy with Wall Street—though partly for domestic reasons, as large borrowers have gone direct to the market rather than borrowing through the banks; and the squeeze on company finances suggests that credit demand from UK companies will remain uncomfortably high. It is in the money markets, then, that the threat which hangs over our improved performance is clearly visible; and, until interest rates tell a more cheerful story, our recovery will remain at risk.

The New York Press: By JOHN WYLES

Rupert Murdoch walks alone

MR. RUPERT MURDOCH has derived considerable reputation, profit and fun from his reluctance to accept prevailing orthodoxies. With the Sun newspaper he cocked a snook at the conventional wisdom in Britain, which doubted the possibilities of successfully building a mass circulation tabloid newspaper virtually from scratch. During the last 18 months he has tried to bring the same buccaneering spirit to reviving a somewhat tired afternoon newspaper, the New York Post, but it took a pressmen's strike and an outrageously unexpected decision to put Mr. Murdoch and his newspaper in the forefront, however temporarily, of New York newspaper publishing.

By defecting from the publishers' joint negotiating body and reaching his own settlement with the pressmen, Mr. Murdoch managed nine days ago to bring his newspaper back to the New York news stands while its two rivals, the New York Times and the Daily News, were trying to negotiate an end to the nine-week strike. Outlines of an agreement are only now beginning to take shape. It is still a matter of hot debate in New York whether the Australian publisher's escape from the strike was an act of courage and daring worthy of a wild colonial, or one of Machiavellian betrayal.

The advantages, in the short term, are more obvious. Since it reappeared on October 5 the Post has been groaning under the weight of its advertising, its circulation has nearly doubled from the pre-strike 625,000 copies a day, and it appeared last week in its first-ever Sunday edition, a 236-page mammoth so successful that Mr. Murdoch has decided to publish a regular Sunday edition which will continue when the Times and the News are back on the streets. Mr. Murdoch says that the paper will be in the black in the last quarter of the year for the first time since he bought it, but that, he says, was going to happen anyway.

The comments of Mr. Murdoch's rivals have been pithy. "We have a simple situation in which the Post has become another strike newspaper seeking the temporary quick buck at the expense of its former allies." Mr. Tex James, publisher of the Daily News, said last week. That was a scathing reference to newspapers which have sprung up during the strike to mop up advertising available during the strike, and which are not intended to survive the strike.

Discussing his "former allies" during an inteview this week, Mr. Murdoch perched on the end of a sofa and soaked up the view of Brooklyn from his office in the Post's building on the lower East Side of New York. His case was the embodiment of injured pride and an avowal that his breakaway settlement was entirely the result of his fellow publishers trying to sell him out. One man's sell-out is, of course, another man's compromise and it is still unclear whether Mr. Murdoch failed to appreciate that the New York Times and the Daily News were always prepared to settle for less than 100 per cent of what they wanted, or whether he was just out of step in believing that more could be won from confronting the pressmen than the other two papers thought possible.

Opinions differ as to the origins of the pressmen's strike, but it dates back at least eight years when, divided and in disarray, the publishers of the Times, News, and the Post allowed themselves to be pushed into conceding pay rises to their employees worth a compounded 42 per cent over three years.

In common with Fleet Street today, New York newspapers were then severely overmanned in many areas and anxious to reduce costs through the introduction of new technology based on the use of computers and modern printing techniques. None of the publishers was happy with his profitability despite the fact that their ranks had been thinned by a 114-day printing workers' strike in 1962-63 which contributed to the demise of five of the city's daily papers.

Strangely, in view of this month's events, part of the reason for the publishers' lack of cohesion then was the New York Post. Published by Miss Dorothy Schiff, of an old investment banking family, the Post had proved a frail partner during the 1962-63 strike and settled with its printers 28 days before the other newspapers. Thereafter Miss Schiff was, in the diplomatic words of Mr. John Pomfret, assistant general manager of the New York Times, "more susceptible to making concessions which were unwarranted from the strictly management point of view."

But in the early 1970s the Times and the News saw virtue in an alliance of necessity if one, the quality journal of record, and the other, the biggest circulation morning tabloid in the U.S., were to make the economies necessary to compete with the fast growing suburban newspapers of Long Island and New Jersey whose production was less hampered by the machinery and working practices of the past. In practice the alliance meant that the two newspapers would resist "midnight holdups" by employees demanding special concessions to avert a stoppage, and that one newspaper would cease publication if the other was shut down. Their most glittering prize was an agreement with the Typographical Union in 1974 which cleared the way for the introduction of new technology based on the use of computerised cold-metal setting techniques. An 11-year contract incorporating lifetime guarantees of employment coupled with generous severance and retraining terms for those opting for redundancy, the agreement has been a notable success. It has so thinned the ranks of typographers at the Times that its wage costs in the composing room are now lower than when the contract was signed.

Reducing the number of pressmen, the printing machine operators, was the next priority for the Alliance. Manning in the pressroom had been determined by a formula dating back to 1923, but the introduction of faster, more efficient printing machines and of light, 12 oz printing plates, so the publishers claimed, had left them with 50 per cent more pressmen than were needed. Earlier this year the Times and the News handed to the pressmen the results of a sophisticated study produced by outside consultants which purported to show that no pressman at the Times was working for more than 46 per cent of the time for which he was paid, and that a few were occupied for no more than 20 per cent of the time. The publishers' maximum objective was to scrap the fixed manning schedule and give them the right to decide how many pressmen would be employed at any given time.

That was a goal with which Mr. Murdoch could wholeheartedly accept, for his newspaper was overmanned in more than one department. He accepted the invitation to join the Publishers' Association of New York and was its president when the News, Post, and Times marched side by side into battle with the pressmen in August. Having failed to budge the pressmen from their flat refusal to negotiate lower manning, the three newspapers posted revised manning schedules which caused the pressmen to walk out in August.

Nothing much happened for about a month. The two sides had a number of inconclusive meetings under the auspices of a federal mediator; Mr. Murdoch, encouraged, he says, by the Times and News, made some bellicose statements. Perhaps to the disappointment of the publishers, the pressmen's picket lines were scrupulously honoured by 8,500 workers belonging to the other printing unions, including journalists and delivery drivers.

Thus there was no apparent breaking of union ranks, nor a serious possibility of breaking the pressmen's union as the Washington Post did three years ago. But there was concern among the other unions about the apparent failure to negotiate. In early September the Allied Printing Trades Council, a grouping of the unions involved, insisted on the presence at the bargaining table of its nominated adviser, Mr. Theodore Kheel. Mr. Kheel is a lawyer-mediator of some standing in New York who made his name by playing a leading role in settling the 1962-63 newspaper strike.

He had already crossed Mr. Murdoch's path when the Australian publisher successfully won control from Mr. Clay Felker of New York Magazine in early 1977.

Mr. Murdoch makes no effort to be polite about Mr. Kheel and by implication links his involvement in the newspaper industry with the closure of five newspapers, and his role in New York City's labour affairs with the city's near bankruptcy. All of the publishers say they were not happy about being forced to accept Mr. Kheel's presence. "We were uneasy about Kheel because we felt he would be too liberal with our money," Mr. Pomfret says at the Times. Mr. Murdoch, for his part, claims that the appointment of Mr. Kheel was supported by the Times against the resistance of the Post and News. "Some time later there was a secret meeting between the News and Kheel in which he won them over to his side and left me in quite an untenable position," Mr. Murdoch says.

As spokesman for the publishers "they had made me take public stances against Kheel and then sold me out without telling me about it." Furhermore, Mr. Murdoch says, "when you get Kheel in it is a way of retreating and clearly he will give them some reduction in manning but put a price tag on it which will make them sorry they ever took the strike on or ever bothered to spend these millions of dollars."

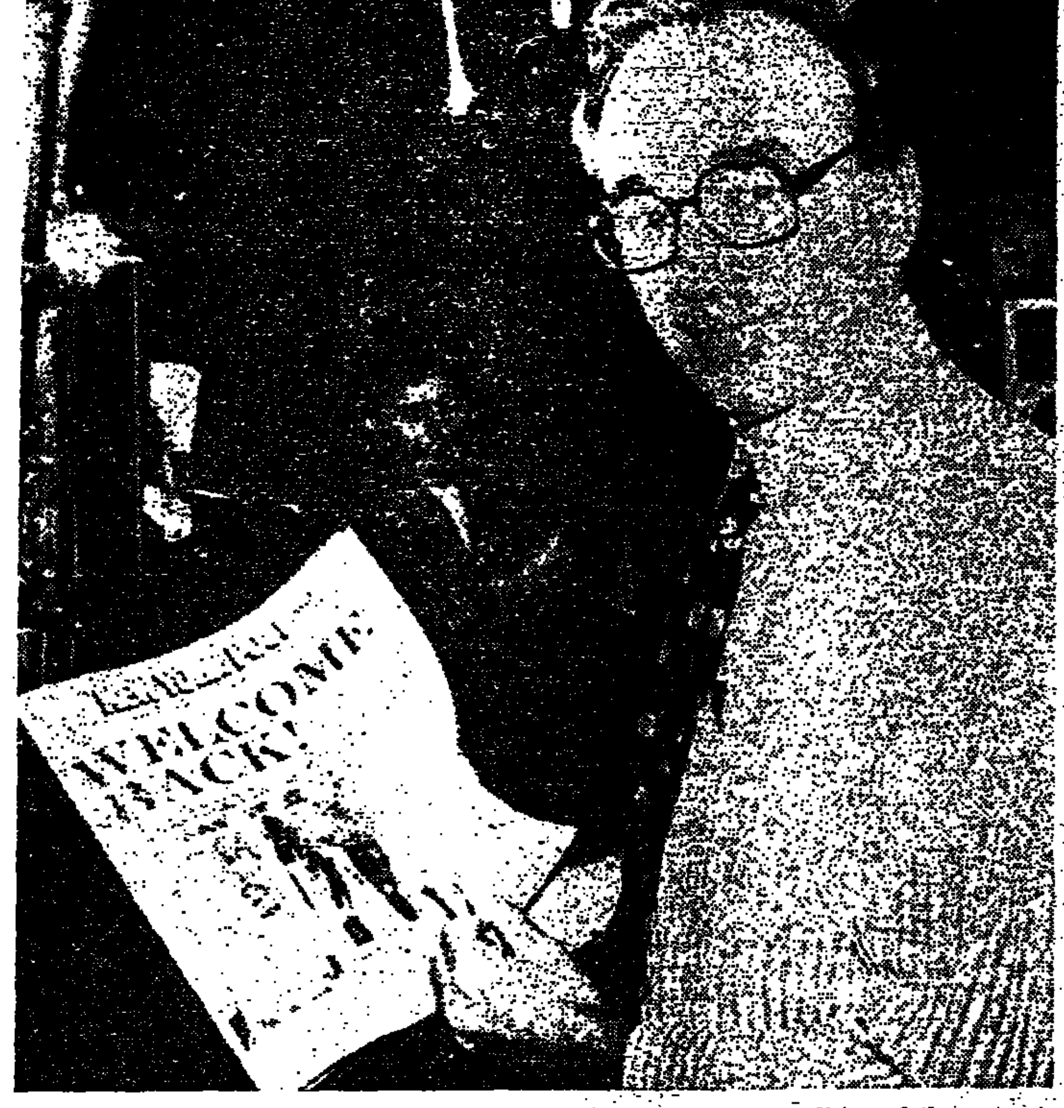
Thus, Mr. Murdoch says, fearing a sellout settlement he saw no point in going on, although he did stick around for a few more sessions before withdrawing from the publishers' team. Certainly there did not appear to be any overwhelming financial pressures on him to take this step.

Spokesmen for the Post have repeatedly said that the paper was actually losing less money when the newspaper was struck than when operating. Moreover the absence of the regular newspapers has undoubtedly inflated the advertising income of Mr. Murdoch's two other New York publications, New York Magazine and the Village Voice. Mr. Murdoch's critics say that he acted cynically by concluding agreements with the pressmen in which he undertook to implement whatever was finally settled with the News and Times.

Mr. Murdoch says he did more than this, gaining the opportunity to seek the removal of some inefficient working practices and to start his presses at 5 am. This provision will enable him to get some copies of the Post to the newstands alongside the Daily News, although Mr. Murdoch says he has no intention of turning the Post into a rival morning paper.

The Times and the News are still slogging through difficult negotiations although it appeared yesterday that the framework for a settlement based on job guarantees but reduced manning through voluntary wastage was emerging, thanks largely to the efforts of Mr. Kheel.

The Times is in less danger of losing readers to the Post than is the News, but publicly neither will admit to being afraid of Mr. Murdoch. However, the empty chair at the negotiating table is a galling reminder of damage already done to the cause of publishers' unity and, perhaps, publishers' pride.



Mr. Rupert Murdoch, publisher of the New York Post, with the first edition of the paper to come out after he had broken publishers' ranks and settled with striking printers.

Letters to the Editor

Energy

From the Director,
The National Federation of Clay Industries

Sir,—Your report (October 11, Page 7) of the speech by Mr. Richard Morris to the National Energy Management Conference must be alarming to a wide spectrum of British industry. Surely, however, the recent swingeing increases in the cost of all forms of energy have already provided enough incentive for industry to seek economies in its own interest. Threats of further Government intervention merely create an uncertainty and delay investment in capital plant until intentions are known.

One vital point, however, seems to be missed in all the energy conversation which is going on. There is continual concentration on direct energy costs to the exclusion of consideration of the total energy content of various products. What is needed is a materials policy which will produce energy conservation. If the Government were to intervene, with an energy pricing policy based solely on the basis of direct energy consumption, it could face changes in energy usage by distorting relative costs for different materials fulfilling the same end use. For example, a change in the relative sort of fuel which would adversely affect the price of clay products compared with, say, plastic, could switch pipe demand from clay to other materials in spite of the total disadvantage in energy terms of the latter. To divert consumption from clay bricks to other materials would do the same and also give insulation disadvantages in buildings.

Surely the best way in which officialdom can assist energy conservation is to give encouragement to the use of indigenous energy efficient materials and to exclude those which are oil based.

R. S. Redmond.
Weston House, West Bar Green, Sheffield, South Yorkshire.

Sandwiches

From Mr. B. Gamble

Sir,—I read your news item (October 10) about a Price Commission investigation of vacuum flasks with interest because I had that morning paid £1.35 for a new Thermos flask. It struck me as remarkably good value. The next day, however, I bought a lamb salad sandwich from a Baker Street wholefood shop. It cost me 63p. Perhaps the Commission would be better employed looking at sandwich prices, under the section of the Act which gives it power to probe prices of companies whose turnover is still, one presumes, below £15m.

Brian Gamble.
14, Vale Close, NW8.

Animals

From Cdr. Innes Hamilton, DSC,
Former Chairman, RSPCA,
The (then) Royal Borough of Windsor, Staines and District

Sir,—I have followed objectively from Balfour onwards the arguments for and against live export of our animals for slaughter or further fattening; but, with respect, have yet to read the equal for naivety of your correspondent Mr. Thorley (October 9).

At present there are but two alternatives: live export with a risk of cruelty and stress, or slaughter at home and a refrigerated carcase trade. One day, there may be a third alternative of export without risk of cruelty when there exists adequate EEC and national law which we can see enforced.

To pretend at this stage in the development of a United Europe (of which we can hardly be said to be the most enthusiastic constituent) that we can ensure that the EEC law or their own national regulations are properly enforced in countries other than our own, if they themselves do not see fit to enforce them, is absurd. And what beyond the EEC?

We cannot enforce the Balfour Assurance. We cannot enforce the safeguards required by O'Brien or the assurances given by Lord (then Mr.) Peart in the Commons in January, 1975, to which many listened with a heavy heart.

And it is all so totally unnecessary. Rarely perhaps, economic, humanitarian, and commonsense arguments are at one here: demanding slaughter as near as possible to the point of rearing and a carcase trade. Britain imports £3m of meat every day. Many of our abattoirs are unemployed, a burden on British ratepayers and adding to our unemployment. There is enough refrigerated transport. We hand hides on the backsides of our animals to the competitors of our own industry . . . and so on.

It is not strictly Mr. Thorley's pigeon, but mention must be made too of the thousand upon thousand of our baby cattle shipped while too young even to drink.

How long before this country puts moral and national arguments before the financial interests of the relatively few?

Innes Hamilton.
Fairway Lodge,
Virginia Water, Surrey.
From the London Manager,

Ireland

From the Director—Great Britain Irish Industrial Development Authority

Sir,—Your Dublin correspondent's article "a race to catch up" (October 11) is critical of Ireland's telephone system—"by far the worst in the EEC"—it claims. Little purpose would be served by trying to rebut that claim. Ireland's telephone system certainly leaves something to be desired.

What does need correcting is the assertion that the "state of Ireland's telecommunications may be a serious disincentive to potential investors." There is not much evidence to show that the state of Ireland's telecommunications has had any long-term negative impact on the businesses now in Ireland.

A striking testimonial to the profitability of Ireland as a manufacturing location was published early this month—by the U.S. Department of Commerce, no less. In summary, it showed that Ireland is by far the most profitable and fastest-growing location in the world for U.S. manufacturing investment.

From 1974 to 1977, American companies in Ireland earned an average annual return on their investment of 28.5 per cent. This was by far the highest figure achieved by American subsidiaries in any single European country, and compared with an average return of 12.8 per cent within the EEC, and 12.3 per cent for American subsidiaries worldwide.

Another recent independent assessment of Ireland as a country to invest in came from Chase Manhattan, which looked at one of the major American sectors for investment in Ireland—the pharmaceutical and health-care business. Chase Manhattan found that four out of five American companies in this sector are re-investing their profits in Ireland. Again, hardly evidence of a serious disincentive to invest.

Apart from the U.S. Department of Commerce figures, there are no published statistics on the profitability of the Irish manufacturing plants of overseas companies. But since companies from Britain and other countries are taking advantage of the same package of investment incentives, and operate in exactly the same environment as the U.S. subsidiaries in Ireland, there is no reason to believe that they are any less profitable.

J. H. Alston.
28, Bruton Street, W1.

Productivity

From the Chief Executive,
British Council of Productivity Associations

Sir,—The members of the British Council of Productivity Associations were somewhat disconcerted by your cartoon in Men and Matters of October 9, and I would like to reassure you that the 40 or so productivity associations which make up the BCPA (formerly the British Productivity Council), continue to receive support from the TUC, CBI, NEDO and the Department of Industry and are still dedicated to promoting real improvements in productivity by "spreading knowledge of better methods and by encouraging an acceptance of necessary change."

Nevertheless, the cartoon made a valid point. The word productivity has become so debased during the past year by its association with bogus self-financing productivity schemes that the real task of promoting genuine productivity schemes has become more and more difficult.

Increased productivity through the more effective use of all resources—materials, machinery, money and energy as well as manpower—is essential for the nation's prosperity and for the maintenance and eventual improvement in our standards of living. Unless we can persuade managers, shop floor workers and the general public that it is in our common interest to strive for higher productivity then our decline as an industrial nation will become irreversible.

Is there not a case for a national productivity year to unite all in the common cause and explode the myth of phoney productivity?

D. F. Bailey,
8, Southampton Row, WC1.

Benefits

From the Assistant Secretary,
Society of Civil and Public Servants Executive and Directing Grades

Sir,—On October 5 you carried a report that the Public Accounts Committee had indicated that productivity in the Department of Health and Social Security had fallen over the six years from 1970 to 1976. The inference could be drawn from this statement that somehow my members working in the Department now have a considerably easier life and this is far from the truth.

The comparison drawn by the PAC is a superficial one, for it fails to take into account fully the changes in legislation and procedures which have occurred during those years. Failure to consider these and other factors renders any reference to productivity meaningless.

A straight comparison between the cases handled per employee in 1970 and 1976 can prove nothing. During that time, both the national insurance scheme and the supplementary benefits scheme have become increasingly more complex and as a consequence more difficult and time consuming to administer. The increased publicity by the Department given to benefits and the efforts of many local managers has caused the individual claimant to have a greater awareness of his rights. While we welcome this, we also recognise that interviews have become more time consuming as a direct result of our own efforts in this field.

The benefits system at times has come very close to breaking down and in the end it has only been the efforts of my members that have kept it afloat. The problems have not disappeared and it would be very wrong to draw any inference that somehow there is slack within the system that can cope with the increasing problems we face. If government believes in a caring society and in finding jobs for many of the unemployed, they could do so by increasing the number of people employed to administer both the supplementary benefit and contributory benefit systems. Too often, for political reasons, we have come under attack and found that instead of staff numbers being increased to cope with new work, in fact they have been decreased at the very time that work has been taken on board. I hope you will agree that it is time this trend was reversed.

Chris Easterling.
SCPS.
124-130, Southwark Street, SE1.

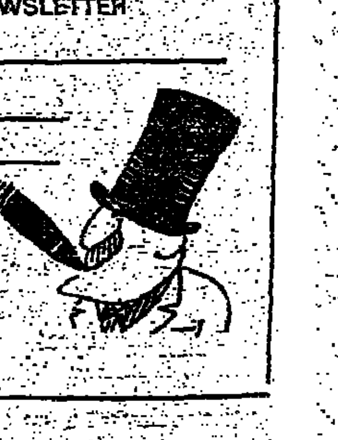
Pensions

From Mr. R. Nottage.

Sir,—Mr. R. M. Bankes-Jones (October 9) likens me to a mole. Being unfamiliar with the ways of that small creature I turned to the Encyclopaedia Britannica for enlightenment.

There I found that "moles are disliked (just as Mr. Bankes-Jones says) on account of the way in which they spoil lawns and pastures"—some no doubt very lush—"but they are useful in aerating and turning the soil"—a treatment, I submit, of which British thinking about retirement pensions all to clearly stands in need.

Raymond Nottage,
Reform Club,
Pall Mall, SW1.



A dream takes on an air of reality

BY MICHAEL LAFFERTY

AIRSHIPS AND flying saucers are a never ending source of fascination. Now they are combined in a plan for an inflatable airship shaped like a saucer. The story received credibility from an announcement by European Ferries—the cross-channel ferry company—that it was to take a stake in the company which is to manufacture the so-called thermoskyships. And to cap it all there was the news that leading London stockbrokers, Laing and Cruickshank, were raising venture capital for the scheme from institutional and private clients.

The man behind the idea is Mr. Malcolm Wren, a former major in the Royal Engineers. He has been working full-time on the skyship since he left the army in 1974. The plan is to build a 45 m diameter, saucer-shaped vehicle, which will be made buoyant with non-inflammable helium gas. Two gas turbine engines will provide horizontal and vertical propulsion.

Among the advantages claimed for the thermoskyship are manoeuvrability: it could go from city centre to city centre with ease; and the fact that it would cause no pollution and little noise. It is envisaged that a skyship would be capable of carrying 60 passengers or a six-ton load at a speed of 90 knots over a range of about 200 miles. On a reduced payload the range might be as far as 800 miles. If anything went wrong on a journey it is suggested the skyship—unlike conventional aircraft would simply float gently to the ground.

Initially, it is planned that thermoskyships will compete with civil helicopters—a market put at some 200 units a year in the UK. But the sponsors believe that a wide range of military and other civil applications is possible, including work in the offshore energy industry.

But from having what seems like a good idea, it is a long way to putting it into commercial production. Major Wren's thermoskyship is no exception. The story of how he has got so far with an idea that many still regard with good-natured scepticism provides a useful insight into how British inventors have to battle for financial backing.

Major Wren first took his idea to the Government. He recalls meetings in 1973 and 1974 with Ministers, including Mr. Michael Heseltine and Mr. Anthony Wedgwood Benn. But that led nowhere—despite what he describes as a lot of interest from the Ministry of Defence. Another line of investigation took him to possible commercial users. Here fortune smiled—but only briefly. Three companies — John Laing, Consolidated Goldfields and European Ferries — became interested in 1974. But all three dropped out after deciding that the Major's ideas were over-ambitious.

Enthusiasts

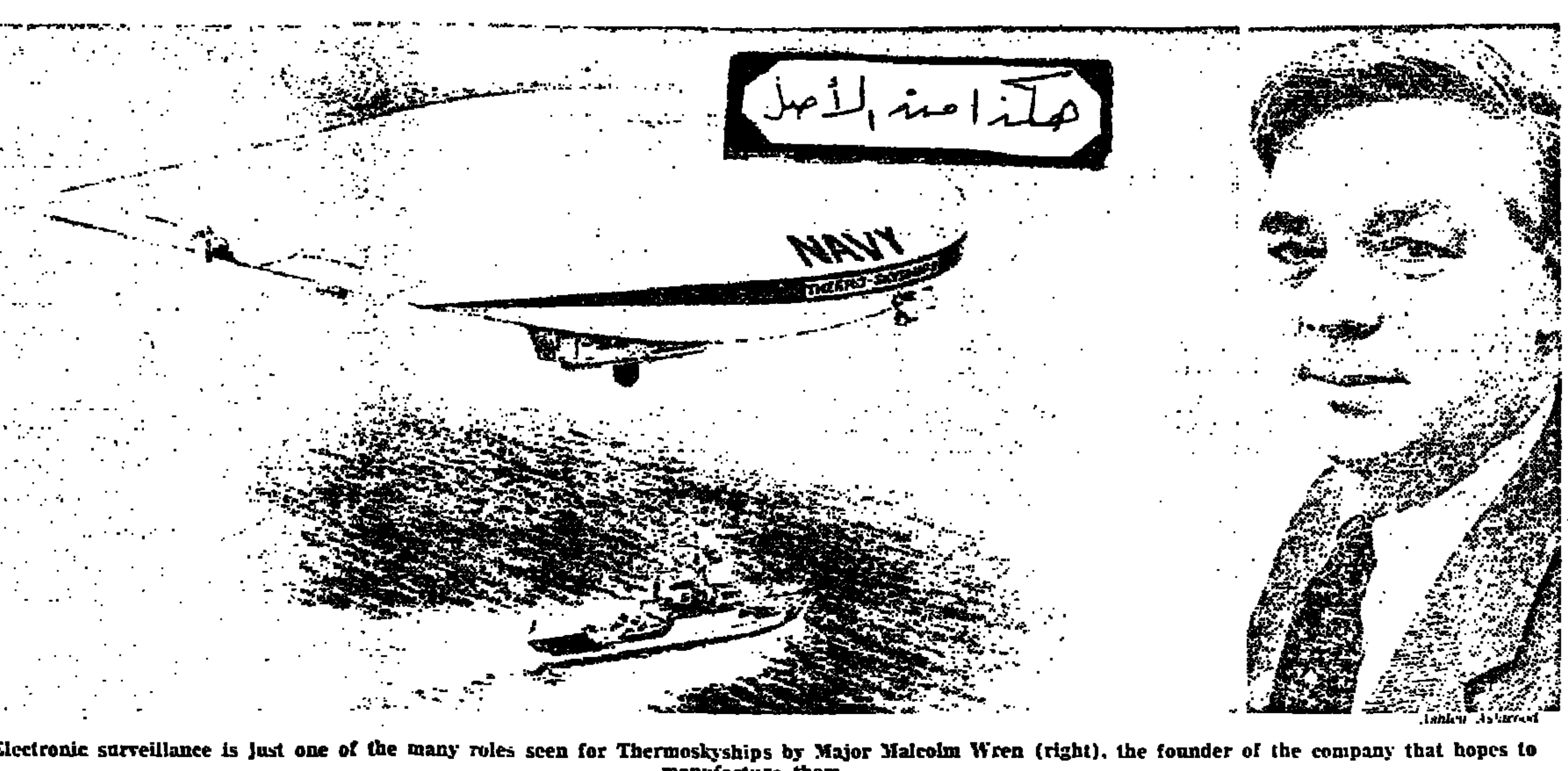
But he did not give up. Together with a band of, no doubt, devoted enthusiasts he has researched and refined the thermoskyship to a stage where he has once again been able to interest European Ferries, and its chairman, Mr. Keith Wickenden, in particular. Research so far has been carried out by a company called MAST—short for Mercantile Airship Transportation — of which Major Wren is the main shareholder and chief executive.

Money to pay for the salaries of the Major's two employees has come from two capital-raising exercises among his friends. So far £100,000 has been raised in this way. In addition, another £150,000 worth of capital has been issued to people who have worked on the project research—leaving MAST overall with some 30 shareholders. If all the Major's dreams are realised these people could become very rich.

Holding out the plate to friends with a bit of spare cash is one thing. Getting the millions of pounds necessary to get the skyships off the ground is quite another. Major Wren has not only been disappointed by the response of the British Government: financial institutions in the City have been equally uninterested, he says.

"It was the typical chicken and egg situation," says Mr. Michael Souter, an executive with Grindlay Brandts, the merchant bankers. Mr. Souter, the man likely to become finance director of the manufacturing company that would build the thermoskyships, says the banks wanted to see a full-scale flying model before they could consider supporting the project. But to get to that stage MAST badly needed more funds. So far only a small unmanned version has taken to the air.

European Ferries' renewed support for the project may have resolved that particular dilemma. Present plans are to manufacture the skyships in the Isle of Man. A company has been registered there under the name Thermoskyships Ltd, and Major Wren is sufficiently confident of Manx interest in the scheme to talk of starting-up production on a full-scale prototype within a year. At that rate the first commercial skyship could be operational by 1982, he says.



Electronic surveillance is just one of the many roles seen for Thermoskyships by Major Malcolm Wren (right), the founder of the company that hopes to manufacture them

The site identified as suitable for skyship production is Jurby airport, a Royal Air Force base during the last war. But what happens next depends on what attitude the Manx Government takes to Major Wren's application for financial support. According to Mr. Wickenden of European Ferries, feasibility studies suggest that additional skyship funding requirements—up to commercial production—could run to as much as £6m though it may be only £4m. Under current discussions some £2m of this would come from European Ferries, at least £1m would be provided by investment grants and working capital loans from the Isle of Man Government, and the balance would be raised from clients of brokers Laing and Cruickshank.

The man in charge of the matter at the stockbrokers is Mr. Julian Benson, head of the firm's corporate finance department. He stresses that the scheme is still at a very early stage, and—although he has identified a list of the firm's clients who might be interested—will not be going ahead until separate investigations have been carried out. Nevertheless he, personally, is convinced of the merits of Major Wren's project. "There appears to be a *prima facie* case here for venture capital, and I am very hopeful that the City can help."

If Mr. Benson is happy with the outcome of his investigations he will draw up a prospectus for those clients who he believes will be most interested in the skyship. His advice to Major Wren is that he should seek as many shareholders as possible, thereby spreading the risk and avoiding the possibility of an unwelcome takeover bid at some later stage. Another plan is to split the new capital into two forms — equity, and either redeemable preference shares or loan stock. This is based on the hope that although the project may need all of the £6m at the early stages of production, that will not be the case for long. So some investors may have some of their capital back within five years, according to present calculations.

Location

Major Wren believes the Isle of Man location for the manufacturing company to be crucial. He thinks that the threat of nationalisation is one of the main factors which has deterred some possible UK backers for the skyship. But it does not end there. "We are starting what we are quite convinced will be a new industry for the 1980s and we want to avoid the problems of the old industries," he says.

It may be too early yet to say whether the thermoskyship will become a commercial proposition. All that can be said is that the project seems to be something more than an inventor's dream. Major Wren has kept going despite many setbacks in the past four years. He has convinced European Ferries that the idea has enough merit to take a £2m risk on it. He now awaits the decisions of the Isle of Man Government and Laing and Cruickshank.

Weekend Brief

Mounting costs

Exhibitions have become a big business and big business is increasingly interested in them. When the Gold of El Dorado opens at the Royal Academy next month it will have cost £600,000 to mount, with half the cost carried by Benson and Hedges, a quarter by Times Newspapers, and the rest by the Academy itself. The Pompeii remains displayed two years ago set back Imperial and the Daily Telegraph £500,000 and the provisional budget for the great Japanese exhibition planned for the Academy in three to four years time is £1m.

But it is worth it, not only in prestige but also in money. Pompeii made a profit, as did the earlier displays of Tutenkhamen treasures and works of art from China. If over 500,000 people visit El Dorado — the "gate" for Pompeii — the backers are in the black, and already the bookings for group evening visits stretch into next year. In fact El Dorado is hoping for a profit of £100,000, a reasonable return for the investment and the four years of preparation.

One member of the syndicate which really needs a good return is the Royal Academy. It receives no Arts Council aid and currently has an overdraft of £500,000. It is making strenuous efforts under its president Sir Hugh Casson to improve its financial position—it makes a glamorous setting for parties and balls, and now charges commission on works sold at its Summer Exhibition. In the past it has failed to exploit the big exhibitions held on its premises because it has not taken into account the extra overheads of mounting such an exercise. This time it has got its sums right and can't lose, as long as the public come.

The big crowd pullers are on top of the everyday work of the Academy, which is most apparent in its continuous exhibitions. But even a critically well received display, such as the current show of the works of Rodrigo Moynihan, which will be seen by around 12,000 paying customers, loses money, mainly because of the cost of the catalogue. In the future the "specials" could well be more in evidence.

For 1979 a major exhibition of the Post Impressionists is planned, with IBM providing £50,000 as good will towards the £500,000 cost. Also next year Olivetti is helping to mount an exhibition on the theme of horses, including one of the four horses of St. Marks in Venice, and on a smaller scale Sotheby's and Moet and Chandon are among the supporters of a display to celebrate the bicentary of the Derby.

Putting on an exhibition is an intricate exercise. For El Dorado it involves many visits to Colombia and much persuasion to get the Colombian Government to release some of its greatest treasures. Apart from the major cost of constructing the exhibition, there is transportation, security, promotion—and insurance. The difference between a profit and a loss can be the success of the organisers in talking the suppliers of exhibits into placing a "low" value for insurance purposes on the invaluable.

Taxing problems

The fuss which has surrounded Mr. Eric Morley's recent dispute with the board of Grand Metropolitan and his subsequent acceptance of a £200,000 "golden handshake" from the group has focused attention on the tax position of such payments. Like many other areas of personal tax this one is extremely complicated, and the *rules applicable depend very* much on the circumstances of each particular case. That said, the position is broadly as follows.

Such termination of employment payments fall into two categories—compensation payments and ex gratia payments. Broadly, compensation payments arise where a director, for example, has an unexpired service contract. In a simple case of a director with a *£35,000 a year contract with five* years to run the compensation payment might be £175,000. Any other termination payments—and in particular any payments in excess of amounts due under compensation—are classified as ex gratia.

Having determined the nature of the termination payment, the next task is to work out what tax accountants Dearden Farrow call the "taxable element" in a recent financial planning note. In the case of compensation payments this will normally be the amount of the golden handshake — say £200,000 — less £10,000. For ex gratia payments it is the amount of the handshake less the higher of £10,000 or something known as the SCSB (standard capital superannuation benefit). This is worked out according to the simple formula:

$$\text{director's average salary over last three years} \times \frac{\text{his number of complete years of service}}{20}$$

However, the SCBS is reduced by the amount of the director's pension that could be commuted, whether this is done or not.

Morley: departure tax

The next stage is to find the tax rate applicable to the taxable amount of the golden handshake. Here the rule is to *divide the taxable amount by* the number of unexpired years of the service contract, or by six years for ex gratia payments. This amount is then added to the individual's other income for the year to determine the tax rate. Finally, that rate is applied to the whole of the taxable amount of the golden handshake.

According to Dearden Farrow "It is still possible to make substantial lump sum payments to retiring employees *which in some cases attract little or no tax.*" But this, the firm emphasises, demands that there is sufficient advance warning for a proper planning exercise to be undertaken.

Central to tax planning in this area is the reduction of the individual's marginal tax rate in the year his employment is terminated. This can be achieved by minimising his other income in that period, or by creating more allowable charges or deductions. Nowadays this may be done in some cases by the individual going into leasing arrangements—a somewhat sensitive area at the present time.

Two other points deserve mention. Care should be taken if the individual is continuing to perform services for the company following termination. In this case it is recommended that a separate contract for services (Schedule D) should be negotiated as opposed to a contract of service—Schedule E. But, most important of all, the whole tax benefit could be jeopardised if there is any provision in a service contract for compensation payments to be made.

El Dorado Mask: Golden attraction

Sparkling news

THIS WEEK another sparkling water joined the growing band of drinks, led by Perrier, which are fighting to meet the every need of our jaded palates. Harrogate Sparkle comes from the conference town which rather prides itself on its natural water supply and is being carbonated and marketed by Citra Soft Drinks, of Wakefield.

Fizzy waters are good business. We probably drink about 14m bottles a year worth some £5m. Such is the growth in demand that it has been estimated that within five years we shall be consuming 66m bottles worth £20m a year. All this may be small beer (if you pardon the pun) to the French who drink as much of them in a day as we do in a year and the *Italians—but then everyone* over the age of 30 knows what continental water supplies are like.

This country has no naturally carbonated water, such as Perrier, so the bubbles have to be put in artificially. Surprisingly, until recently, few British companies attempted to do even this even though a number such as Malvern Water, a Schweppes subsidiary, have sold still waters for a very long time.

Harrogate Sparkle joins brands such as Ashbourne, which comes from the Derbyshire Peaks, Strathmore from Forfar, and Crystal Water from Skenfrith, near Abergavenny, which are trying to beat off the challenge of the imported varieties. And it got off to a flying start.

Harrogate Sparkle was officially launched on Tuesday but the night before the mayor, Mrs. Angela Matthews, told a conference of cosmetic chemists, which was holding its convention in the same room as the next day's launch, of the great new product. Being chemists they naturally wanted a taster and Mrs. Matthews was not the sort of mayor to pass up an opportunity, especially with so many Americans present.

So a couple of bottles were cracked, and then a couple more. "Great," was the general conclusion, with the rider that it would go down well in America.

This unofficial launch was good news for Citra, which is sending a bowser over from Wakefield, some 30 miles away the other side of Leeds, to pick up the natural spring water. It blows the bubbles in and is marketing the stuff, so a little advance publicity among American chemists did not come amiss.

The launch of Harrogate Sparkle (along with Harrogate Spring Water — its "still" cousin) is the culmination of two years' research. Harrogate was once a spa town to which the royalty of Europe repaired; now it is a conference centre which attracts visitors by the thousands, from cyclists to politicians. Harrogate Sparkle is part of the different image which it has cultivated in the last 20 years.

Contributors:

Antony Thorncroft, Michael Lafferty and Anthony Moreton.

Economic diary

MONDAY—Prime Minister calls meeting of Ministers for talks on visit to Bonn. Meeting of EEC Finance Ministers, Luxembourg. Two-day Financial Times conference opens in Rome on Outlook for Italy. Retail sales (September provisional). Berwick and East Lothian: Pontefract and Castleford parliamentary by-elections nominations close. Evening Newspapers Advertising Bureau survey on advertising attitudes. Mr. Anthony Wedgwood Benn, Energy Secretary, at East Lothian by-election meeting.

TUESDAY — Prime Minister presides at full meeting of Cabinet. EEC Foreign Ministers meet, Luxembourg. Cyclical indicators for UK economy (September). Sir Robert Mark and Sir John McKay at Threat of Crime to Industry conference, Cafe Royal, W1. Institute of Personnel Management statement on Code for Non-Discrimination.

WEDNESDAY — Prime Minister heads Government delegation for two-day visit to Bonn at invitation of Herr Helmut Schmidt, West German Chancellor — discussions will include Franco-German proposals for a new European Monetary System. Confederation of British Industry monthly council meeting—talks will cover pay formula and inflation. Vauxhall pay talks resume, Eton Lodge Hotel, Staffordshire. Basic rates of wages and normal weekly hours (September). Monthly index of average earnings (August). Prince Charles attends National Economic Development Council working party meeting, Millbank Tower, SW1. National Farmers' Union statement on strategy document. Law Society conference opens, Pavilion, Bournemouth.

THURSDAY—Mr. Denis Healey, Chancellor of the Exchequer, at Lord Mayor's dinner to bankers, Mansion House, EC4. UK banks' assets and liabilities and the money stock (mid-September) London dollar and sterling certificates of deposit (mid-September). Plaid Cymru annual *conference opens.*

FRIDAY—Prime Minister visits Hoover washing machine factory, Merthyr Tydfil. Trade and Industry publication will include sales and orders in the engineering industries (July). New construction orders (August). International Motor Show opens, National Exhibition Centre, Birmingham. British Rail announcement on improved rail freight services. Assistant Masters and Mistresses Association conference, Bloomsbury Centre Hotel, WC1. Mr. Merlyn Rees, Home Secretary, at by-election meeting, Pontefract.

SATURDAY — Mrs. Shirley Williams, Education Secretary, addresses Assistant Masters and Mistresses Association.

COMPANY NEWS + COMMENT

Grampian picking up after midterm fall

SALES OF Grampian Holdings fell from £31.74m to £31.07m in the first half of 1978 and pre-tax profits finished £382,000 lower at £756,000.

However, the directors report that trading in the third quarter has improved and a substantial recovery from the depressed performance in the second half of last year is anticipated. Profit for the last full year totalled £1.46m.

The net interim dividend is maintained at 1.5p—last year's final payment was 2.4925p.

Tax for the first half took £393,000 compared with £592,000 leaving the net balance down from £546,000 to £363,000.

	First half 1978 £000	1977 £000
Group sales	31,067	31,756
Trading profit	849	1,248
Industrial services	404	447
Consumer goods	326	799
Printing	119	—
Interest, etc. paid	106	137
Associates	13	29
Profit before tax	756	1,138
Taxation	*393	592
Minority loss	4	14
Available	367	542

* Corporation tax charged at estimated 52 per cent. Implementation of accounting policy for deferred tax may result in the effective charge for the year being, as in the previous year, lower than 52 per cent. † Profit.

● comment

Grampian's first half results are much as expected, with profits showing a downturn of 34 per cent. However, there is a significant improvement on last year's second half performance, which collapsed following poor trading in the construction activities and heavy costs associated with a number of disposals. The big surprise this time is in the industrial services division, last year's major problem area. Profits are only a tenth lower, mainly because of excellent support from the transport and road haulage companies. Elsewhere, the printing and publishing activities have continued to benefit from the reorganisation programme started nearly three years ago. But the consumer goods division has been hit hard with the furniture companies continuing to incur losses while there have been substantial costs to bear in the U.S. venture by Mitre Sports. The reported recovery in third quarter trading suggests that the company might reach £1.8m for the year (£1.46m). At this level the shares, at 66p, are on a p/e of 8.3 while the main attraction is the yield at just over 10 per cent.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Ash & Lacy ....int.	3.5	—	3	—	6.63
Ben Bailey	0.61	Jan. 8	0.25	0.61	0.55
Bourne & Hllingswrth. int.	Nil	—	1.25	—	2.88
Brit. Empire Secs. 2nd int.	0.53	Nov. 7	0.45	0.7	0.6
Courtney Pope	1.42	—	1.16	2.42	2.16
Grampian Hldgs. ......int.	1.5	Nov. 18	1.5	—	3.99
A. Henriques ....int.	0.4	—	0.4	—	1.8
Imry Prop.	1.4	—	Nil	2.2	Nil
Jersey General ......int.	6	Nov. 30	5	—	13
Mentmore ....int.	0.24	Jan. 2	0.16	—	0.92
Moorhouse & Brook int.	1.5‡	Nov. 27	0.67	—	4.89
Sandeman ....int.	1	Jan. 6	1	—	2.31

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ To reduce disparity with final

Ash & Lacy maintaining impetus

FOR THE first half of 1978 Ash and Lacy, metal stockholder and perforator, reports pre-tax profits ahead from £605,000 to £876,000, and the directors say they expect the same level of profit will be maintained during the second half. For the last full year profits totalled £1.4m.

Turnover for the first six months amounted to £14.91m (£12.56m) and profit was struck after interest of £81,000 (£170,000) and depreciation of £232,000 (£164,000). Tax takes £455,000 (£315,000).

Stated earnings per 25p share are shown at 10.4p (7.2p) and the interim dividend is increased from 3p to 3.5p net. Last year's final payment was 3.6343p.

Strong & Fisher confident of recovery

During July, normally a seasonally quiet month, Strong and Fisher (Holdings) received orders in value in excess of any previous month in its history, reports Mr. Edward D. G. Davies, chairman.

He says that he cannot be certain as to the duration of such buoyancy—or for how long the company's productive facilities can adequately cope. It does, however, assure the directors that a substantial recovery is likely to occur.

It is not anticipated that the improvement will be fully reflected in results for the first half of the current year but, a year hence, Mr. Davies hopes to be submitting a more acceptable level of profits.

As reported on September 30, pre-tax profits for the year to May 31, 1978 slumped from £1.84m to £0.66m.

Meeting, Hargrave, Northamptonshire, on November 2, at 2.30 pm.

Mentmore sees peak for year

On slightly lower turnover of £4.27m against £4.33m Mentmore Manufacturing Company reports an increase in taxable profits for the six months ended July 31, 1978 from £151,264 to £216,389.

The directors state that the improved trend in profitability has continued into the first two months of the second half; Christmas sales of writing instruments for the home trade in August and September are running 17 per cent above last year, and export sales have made up the ground lost in the first half.

They consider that provided the Christmas boom continues, both at home and abroad, the company will report record profits for the full year—profits for the whole of the 1977-78 year was £534,424.

Tax charge for the period took £103,833 against £69,320 leaving a net profit of £112,556 compared with £81,744 last time. The net interim dividend payment is stepped up from 0.155925p to 0.23625p—last year's final was 0.76171p.

The company's plastics division is recovering from a poor six months, when sales were down 11.5 per cent due wholly to reorganisation taking place within a major customer.

Courtney Pope makes headway

TURNOVER OF Courtney Pope (Holdings), the shopfitting and electrical group, rose from £15.72m to £17.98m in the year to May 31, 1978, and pre-tax profits finished ahead from £732,000 to a record £841,000.

At the interim stage, when reporting an advance in profits from £355,000 to £381,000, the directors said they were confident of reaching budgeted turnover for the year.

They now say that the current year has started well and order books both for home and export stand at peak levels. They anticipate that results for the current year will show a further improvement.

Earnings per 20p share are stated at 11.58p (7.1p) and the final dividend is 1.4171p making a total payment of 2.4171p (2.1646p).

Ben Bailey second half recovery

A second half recovery to £154,062 against a depressed £10,738 lifted Ben Bailey Construction from a midterm loss to taxable profits of £116,907 for the year to June 30, 1978 against £91,565 previously. Turnover for the full period was well ahead from £3.89m to £5.03m.

The directors now feel that the company is re-established on a firm base for measured and controlled expansion.

Net profit was £60,911 (£51,935), after tax of £55,996 compared with £39,630, giving earnings of 1.17p (0.99p) per 10p share. There is a single dividend payment of 0.605p, the directors having passed the interim payment—last year there was a 0.3p interim and a final of 0.25p.

Sandeman's growth strong, but taxes hit hard

PRE-TAX profits of Geo. G. Sandeman Sons and Co. surged from a depressed £17,000 to £457,000 for the first half of 1978 and were after an exceptional debit of £136,000 for the period, being Spanish municipal tax charge levied 10 years in arrears. Turnover was ahead from £5.11m to £5.94m.

The directors state that volume sales for nearly all countries show an increase and indications are that overall sales and profits for the full year will be higher than the £12.63m and £1.4m achieved for the whole of 1977.

However, after a tax charge of £357,000 (£134,000 credit), net profit was lower at £100,000 against £151,000 giving earnings of 0.88p (1.33p) per 25p share. The interim dividend is maintained at 1p net—last year's final was 1.31p.

Tax comprised UK £93,000 (£30,000), overseas £264,000 (£84,000 credit) and an adjustment last time for prior periods resulting in a credit of £80,000. Overseas tax took into account credit for future tax benefits estimated at £141,000 on the half year's loss in Spain.

Net profit was subject to an exchange translation loss of £321,000 compared with £293,000.

Principal markets where there have been the greatest increase in sales are again on the continent: in Germany and Belgium sales for both port and sherry were greatly increased and the indication is that this will continue.

Sales of sherry by agents in Holland showed a further advance over the substantial sales for 1977 and sales of port were maintained.

The company's UK distributor, Hedges and Butler, says there was a good increase in sales of sherry, and a smaller one for port. The directors feel sure that total sales in the UK for 1978 will be higher than in 1977.

● comment

Unusually high tax charges have masked a strong first half performance by Sandeman. The trading profit at £932,000 is more than double last year's figure. An exceptional Spanish municipal tax, higher interest charges and a lift in the tax rate in Portugal from 44 per cent to 51.5 per cent all cut into the trading figure. The strong trading picture reflects both the increased demand for sherry in the UK and Europe plus Sandeman's increasing market share. The losses in Spain, which were the principal cause of last year's first half profit slump are continuing but a at a reduced rate. With the sales of both port and sherry continuing to increase in the second half the company appears to be well on the way to meeting the chairman's goal of pre-tax profits in excess of the £1.4m recorded last year. The shares at 66p give a prospective yield of 5.9 per cent.

Findhorn advances to £122,851

Pre-tax profits of Findhorn Finance advanced from £70,275 to £122,851 for the year to July 31, 1978, on higher turnover of £935,996, against £705,777.

Net profit was £98,233, against £52,255, after tax £24,618 (£18,020) giving earnings of 31.0p (19.7p) per £1 share. The net dividend is increased to 13.4p (13.2p).

ATLAS ELECTRIC

In the half year ended September 30, 1978, Atlas Electric and General Trust achieved gross income of £2.79m. The comparable figure was £2.52m which included an additional £125,000 of income normally received in the second half. Yesterday's report was misleading in respect of the additional income.

Results due next week

The "interim season" continues next week with a good spread of companies announcing figures. In the consumer sector half-year results are due from two of the high street giants Marks and Spencer and British Home Stores. Interims are also expected from Rugby Portland Cement, Furness Withy and Hawker Siddeley, with final profits due from Brooke Bond Leibig.

Last year's was slightly below expectations for Marks and Spencer. But following an excellent trading period in the UK, brokers are hoping for interim pre-tax profits, due on Tuesday, of around £68m (£52m). UK sales are expected to be up by roughly a fifth, with a significantly higher profits advance. M and S has traded up and this has improved margins after last year's setback. Meanwhile, overseas losses are likely to be reduced in Canada and Europe—indeed, given no more write-offs on store openings the European operation could break into profit. This progress should certainly continue, and for the full year range forecasts is around £153m-£155m. The recent introduction of credit facilities will not show through until 1979-80.

Disappointing results from British Home Stores last year were primarily due to a poor performance from the food division. It is the changes which have subsequently been introduced here which will probably dictate the improvement in the company's interim profits, due on Tuesday. Analysts are going for £9.4m-£10m (£8.4m) with estimates for the full-year currently grouped around £32m-£33m. Since the year-end, food departments have been removed from 19 outlets while other stores (where food is served), have switched to self-service. The second half is likely to feel the full impact of increased consumer spending while the planned 6 per cent increase in floor space (a major programme for a group of this size) will provide a further boost to profits.

The consensus view in the City is that Hawker Siddeley has had a pretty sluggish first half and that the picture is unlikely to brighten much during the remainder of the year. The company appears likely to have experienced some overall profit growth in the interim period but most analysts estimate this to have been restricted to about 8 per cent giving a pre-tax figure of around £50m. In essence, the world recession is starting to catch up with the group. In the past it has been insulated by the reorganisation benefits plus the growth in demand for diesel engines and power generation equipment.

After posting a first half profit increase conditions have turned against Brooke Bond and the full year pre-tax figure, due to be reported on Tuesday, is likely to be down on last year's £49.8m. The average of forecasts by City analysts is £42m, with a range from £41m to £43.5m. Tea prices have fallen so the profits from plantations will be lower and UK domestic operations were affected by the confrontation with the Price Commission midway through the second half. As well, volume sales in the UK are likely to be down as there was some destocking of inventories built up by retailers during the earlier boom.

Estimates of Rugby Portland Cement's interim profits, due on Monday, range from £6.5m-£6.75m (£5.9m). Because of bad weather the year got off to a slow start but volume since has apparently picked up, though most of the improvement will come in the second half. The full effects of this year's price increase will also help profits in the second six months: the period just ended only includes one month of the full 10 per cent rise, which was delayed by Price Commission investigations. Steel reinforcement, which last year experienced very poor trading and turned in halved profits, should be over the worst. There is plenty of recovery potential which, if slow to show through, will boost the full year results.

Furness Withy appears to be weathering the general shipping storm better than most. But, even so, its performance has suffered. Its interim results are due on Tuesday and profits could be in the region of £6.5m compared with last year's £13.3m. Trading operations are holding up well, but increased financing costs, lower profits from sale of ships, and lower contributions from associated companies seem to be eating away at the figures. The trading operations have held up better than most because the routes Furness operates have not been hit by local troubles that have hurt other operators and because of its market spread—liners and tramps, conventional and containerised cargo ships, dry bulk carriers and tankers, offshore oil.

Other results to note are interims from the UBM Group (on Wednesday) and Dunbee-Combex-Marx and Gerrard and National Discount (both Thursday).

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Banks (Sidney C.)	Friday	1.1	2.5	1.25
Boulton (William) Group	Tuesday	0.4	0.69168	0.44
Brooke Bond Liebig	Tuesday	0.75625	2.00737	0.831875
Burndene Investments	Thursday	0.5	0.5	0.5
Dawnay Day Group	Wednesday	Nil	1.0	0.5
Elecо Holdings	Thursday	0.65	1.091	0.75
Forward Technology Industries	Monday	Nil	2.0	3.0
Kalamazoo	Wednesday	0.825	1.1111	0.925
London Scottish Finance Corporation	Thursday	0.7	1.0	0.77
Lowland Investment Company	Friday	0.8	1.3	0.9
Medminster	Wednesday	0.8†	1.0088	0.9
Peters Stores	Friday	0.5	0.7	1.0
Raine Engineering Industries	Tuesday	0.236	0.5852	0.286
Rugby Portland Cement	Monday	1.671	1.509	1.839
Sandhurst Marketing	Thursday	0.2015	0.5623	0.383
Spencer Gears (Holdings)	Thursday	0.19	0.3335	0.19
Sun Life Assurance Society	Wednesday	1.5328	1.58	1.712
Tyzack (W. A.) and Co.	Monday	0.363	0.911	0.363
INTERIM DIVIDENDS				
Alginate Industries	Thursday	4.4677	9.4938	
Allebone and Sons	Friday	0.2	0.8	
Allied Plant Group	Monday	0.3	0.465	
Brook Street Bureau of Mayfair	Monday	1.173	3.071	
British Home Stores	Wednesday	2.6	3.4729	
Brown and Jackson	Wednesday	Nil	1.0	
BSG International	Monday	0.7	1.4223	
Canadian and Foreign Investment Trust	Thursday	1.25	2.35	
Central and Sherwood	Tuesday	0.5625	0.814455	
City of Oxford Investment Trust	Wednesday	1.0	2.3	
Coates Brothers and Co	Thursday	0.77496	1.54972	
De Vere Hotels and Restaurants	Thursday	1.9965	2.6564	
Dorrington Investment Company	Monday	1.4	1.6994	
Dunbee-Combex-Marx	Thursday	1.65	3.93461	
Duport	Wednesday	1.838	2.87115	
Erith and Co.	Tuesday	1.807	3.84099	
Farm Feed Holdings	Wednesday	Nil	0.66	
Furness Withy and Co.	Tuesday	3.5	4.671	
General Scottish Trust	Thursday	1.5	1.85	
Gerrard and National Discount Company	Thursday	4.0	4.171	
Harrison and Sons	Wednesday	1.457	2.709	
Hawker Marris	Thursday	1.79	4.87	
Hawker Siddeley Group	Thursday	1.5648	2.911	
House of Lerose	Thursday	1.8	2.1209	
Industrial and General Trust	Thursday	0.6	1.15	
Jessel, Toynbee and Co.	Wednesday	0.7	2.363	
Kode International	Tuesday	1.65	3.05	
Lilley (F. J. C.)	Thursday	1.0	1.5	
Manchester Liners	Tuesday	1.0	4.193	
Marks and Spencer	Tuesday	0.85	1.27215	
Marshall's Universal	Wednesday	3.125	3.2651	
North (M. F.)	Friday	0.1225	0.231	
Provident Life Association of London	Tuesday	3.7	4.463	
Scottish Mortgage and Trust Company	Thursday	1.2	2.1	
Securities Trust of Scotland	Wednesday	2.25	3.85	
Senior Engineering Group	Monday	0.3975	0.3836	
Slemssen, Hunter	Tuesday	1.3662	1.4256	
Smith St. Aubyn and Co. (Holdings)	Wednesday	2.0	2.012	
Spirax-Sarco Engineering	Tuesday	1.34655	2.785	
Steel Brothers Holdings	Monday	5.0	8.0	
Taylor, Pallister and Co.	Friday	1.5	2.975	
Time Products	Wednesday	0.43	1.247	
UBM Group	Wednesday	1.7958	2.5142	
United Carriers	Tuesday	0.63056	1.6238	
United Engineering Industries	Thursday	1.1106	1.1106	
Websters Publications	Wednesday	0.338	1.19865	
Westpool Investment Trust	Tuesday	1.0	2.2	
Wettern Brothers	Tuesday	Nil	2.0871	
Wilmot Breeden (Holdings)	Tuesday	1.2	1.85157	
Wood and Sons (Holdings)	Monday	0.73	0.3322	
INTERIM FIGURES ONLY				
Authority Investments	Tuesday			
Tebbitt Group	Friday			
Viking Resources Trust	Tuesday			

* Dividends shown net pence per share and adjusted for any intervening scrip issue. † Including second interim of 0.4p. ‡ Including second interim of 0.536p.

BIDS AND DEALS

Reed disposal brings in over £25m

BY ANDREW TAYLOR

Reed International has raised a further £25.4m to help reduce its mountain of debt with the sale of its 80 per cent stake in its Australian holding company, Reed Consolidated Industries.

This means that Reed has raised just over £90m through overseas disposals in the last six months. It also expects to complete the sale of the remainder of its Canadian assets by the end of the year which will lift the total raised from disposals to well over the £100m mark.

James Hardie Asbestos, the Australian building products and pipeline group, is paying A$52.1m cash (£30.5m) for RCI but will get £5.1m back from Reed which is to retain RCI's Butterworth publishing interests.

Under Australian Stock Exchange rules Hardie will now bid for the remaining 20 per cent of RCI, which has interests in paper, packaging, building products, leisure and irrigation. The cash bid price of A$2.60 a share—around £1.50—is the same price that Hardie paid Reed.

Minority shareholders in RCI will also be offered a share alternative to Hardie's cash bid. The Australian group is making a A$24m (£14m) cash call on its shareholders—through a two-for-nine rights issue—to help pay for the bid.

This is the third major overseas disposal that Reed has made this year. It has now sold its 63 per cent holding in Nampak, the South African packaging concern, for £39m; raised a further £27.3m from the sale of joint venture interests in Canada and has now disposed of virtually all of its Australian investments.

The next stage is the sale of the remaining Canadian interests and Reed chairman Mr. Alexander Jarrett said yesterday that negotiations with a number of potential suitors—including MacMillan Bloedel, Canada's largest forest products group—were still proceeding. He hoped to complete a sale by the end of the year.

At the end of last financial year Reed had net borrowings of £384m against tangible shareholders funds of £178m. It has already used some of the proceeds from its recent disposals to improve its gearing.

Some £24m of the proceeds from the Nampak deal have been released specifically to repay foreign borrowings and on top of this Reed is to make early repayment of £25m of Swiss franc borrowings.

Midland rejects Lonsdale

Midland Educational, Birmingham-based bookseller and stationer, has now opted to fight against takeover offers on two fronts. It has already rejected a £2.1m cash bid from Pentos and yesterday rejected the rival shares and cash offer from Lonsdale Universal, worth £2.9m, as inadequate.

Midland said that the Lonsdale bid of nine of its shares plus 250p cash for every five Midland shares was unacceptable and advised shareholders to take no action. It said that it would be outlining its reasons for the rejection after Lonsdale's offer document.

Lonsdale's offer currently values each Midland share at around 207p which compares with last night's closing price for the shares of 220p.

MEYER BUILDS UP INTERNATIONAL TIMBER STAKE

Montague L. Meyer, the UK's largest timber group, has built up its share holding in International Timber to 13.23 per cent. Its move has come after International Timber's bid for Bambergers diluted its stake. Meyer is now interested in 2,355,888 Ordinary shares of International.

Meyer recently converted the holding of its loan stock, which brought the total of ordinary units up to 2,308,888 (12.84 per cent).

NO PROBE

The proposed merger of Scott Bader Company and Strand Glassfibre is not being referred to the Monopolies Commission.

ALLIED LYONS

ALLIED BREWERIES' offer for the convertible preference of J. LYONS has become unconditional.

BTR now moving into Australian plastics

The fast growing BTR rubber, plastics and engineering group has made its second Australian takeover move in two weeks with the A$1.3m (£760,000) acquisition of Injectapak.

At the end of September the group announced that it was bidding £2.2m to acquire a 52 per cent stake in Kencord Holdings, an Australian carpets group. BTR has already paid £850,000 to purchase a 20 per cent. interest in the carpets concern.

Injectapak will provide BTR with its first plastics interest in Australia. The company provides precision plastics injection mouldings largely for pharmaceutical, cosmetic and industrial companies.

BTR says that Injectapak — which made pre-tax profits of around £823,000 in the year to June 30, 1978—is technologically advanced and will provide benefits to the group's other worldwide plastic interests as well as providing a further base for expansion into Far East markets.

International companies is seen as a consequence of the acquisition, but this will take place against the background of continuing growth, and job prospects should not be impaired.

TURNER CURZON SUSPENDED

Shares of Turner Curzon, the forest products, distribution and manufacturing group, were suspended yesterday because of discussions which might lead to an offer for the company or to the disposal of one of its subsidiaries.

Turner Curzon came into being in July 1975 as a result of the merger of Curzon Industrial Investments and Ben Turner and Sons (Holdings). The group distributes a wide range of capital equipment including construction and farm machinery: it also manufactures chemicals, light and heavy engineering, and includes a leading broker of forest products.

ARMSTRONG WINS CORNERCROFT

Armstrong has won acceptances from 93.2 per cent of the ordinary shares of Cornercroft eligible for the ordinary offer and 82.8 per cent of the preference shares. Armstrong will now compulsorily acquire the balance of the Cornercroft ordinary shares.

IMI COMPLETES

Following the agreement in principle announced in September, IMI has now acquired the specialist valve company Samuel Birkett together with its associate, Phelon and Moore (Engineers). The companies have a turnover approaching £3m a year.

Birkett will remain as a separate company, but will form part of IMI Valves International, which comprises of IMI Bailey Valves of Manchester, Mapegaz SA and Mecafrance SA, both of France, and IMI Valve Services, which has five service depots in the UK.

Dr. Trevor Lamb, chairman of IMI Valves International, said Birkett's products complement and strengthen those already in the portfolio. Some degree of rationalisation within IMI Valves

RENWICK SALE

Renwick Group has agreed to sell for £435,000 its 50 per cent interest in Ridham Freight Services to Bowaters United Kingdom Paper Company.

The Renwick 50 per cent in Ridham represented an interest in assets of £450,000 as at April 1, 1978 since when Renwick has received a dividend of £90,000. The contribution to Renwick profits before tax and after writing off goodwill for the year ended April 1, 1978 was £69,000.

The directors of Renwick believe the sale to be in the best interests of shareholders and the proceeds will be used in the reduction of group borrowings.

ROBT. MOSS

Albridge and Company has more than doubled its stake in Robert Moss—manufacturer of plastic injection mouldings—to 10.4 per cent with the acquisition of a further 300,000 shares.

This compares with the 14.5 per cent stake held by Gresham Investment Trust and the 10.5 per cent interest held by Industrial and Commercial Finance Corporation. In the year to March 31, 1978 pre-tax profits of Robert Moss fell from £471,000 to £387,000.

New York & Gartmore

Acceptance letters relating to the bid by Bricomin Investments, a subsidiary of British and Commonwealth Shipping, for the 35 per cent of New York and Gartmore Investment Trust not already owned by Bricomin, were sent to shareholders yesterday.

In them Mr. Lewis Whyte, chairman of New York, points out that the offer price of 47p per share cash represents a premium of over 15 per cent on estimated net asset value of New York, a level which is favourable compared with other recent offers for investment trusts.

Shareholders are warned that the offer is not conditional upon a minimum level of acceptances and so could close on November 1. If the offer is closed at that date and Bricomin has less than 90 per cent of the total equity, shareholders who have not accepted will not be able to compel Bricomin to purchase their shares.

A further factor which Mr. Whyte believes shareholders should take into account, is Bricomin's stated investment policy. It will not necessarily continue to invest in North American securities—as New York has done. Furthermore, other changes may result in New York losing its status as an approved investment trust.

Mr. Whyte concludes his letter to shareholders, in which he and the financial advisers, J. Henry Schroder Wagg say that the terms are fair and reasonable, by apologising for the fact that the exit price is "so much less" than the issue price when the shares were floated in November, 1972.

ASSOCIATES DEALS

On October 11 Baring Brothers purchased 22,500 ordinary shares in Tridant Group Printers at 100p, and on October 12 bought 101,940 at the same price for its own account.

Hill Samuel has sold for a discretionary investment client 70,000 Legal and General at 140p.

Baring Brothers has purchased 50,000 and 118,000 shares in Trident Group Printers at 98p for the Argus Press Holdings.

Hill Samuel has bought 825 Legal and General at 151p on behalf of a discretionary investment client.

Simon and Coates has bought 1,000 Bourne and Hollingsworth shares at 227p on behalf of Raybeck.

SHARE STAKES

Ch. Goldrei Foucard and Son—McCormack Products no longer holds 191,129 shares. Goldrei is the subject of a bid from Northern Foods. McCormack's 8.24 per cent stake is believed to have been sold to Northern.

Common Brothers—Esaconen nominees holds 154,000 shares (5.12 per cent).

Imry much improved: hopes to pay 2.2p

TERMINAL losses in Belgium of only £59,334 compared with the previous year's loss of £325,238 left Imry Property Holdings with taxable profits of £447,377 for the year to March 31, 1978, against a nominal £5,266 last time.

Mr. Arnold Lee, the chairman, says in his annual statement with the accounts that no further losses or liabilities are anticipated in Belgium, and that the subsidiary owning the property there has been sold.

Gross rental income for the period was up from £1.95m to £2.06m, net income £1.86m against £1.3m, and after interest, finance charges, etc., of £714,570 (£861,982), profit came out at £506,711 (£330,502) before the Belgium losses.

Earnings per 25p share are shown as 4p compared with a loss of 2.2p and the dividend total for the year is 2.20127p (nil) with a net final payment of 1.40127p. Mr. Lee says that a 1.8p net total was forecast last year, but in view of the company's substantially improved performance, the directors have increased the payment, subject to Treasury approval.

In their report the directors state that the group's properties as at March 31, 1978, in the sum of £11,425,576 have an aggregate open market value of £34.5m. Not included in the valuation are the properties in the Republic of Ireland owned by the group's associate Harleigh, which showed a value of £2m over the amount in the balance sheet.

The chairman says that Harleigh is now beginning to benefit from substantial rent reviews which are falling due. The group, he adds, is also beginning to obtain the benefit of the reversionary potential of its own direct property holdings and there are several major rent reviews occurring during the current year followed by further reviews or lease terminations over the next five years.

Mr. Lee says the company can, therefore, look forward to substantially increased earnings from reviews of its current portfolio.

"It is the company's policy to moderaise and improve the quality and earning potential of its portfolio as circumstances permit," the chairman states, and adds that facilities for the financing of the developments now under construction have been arranged.

Net profit for the year came out at £183,477 (£102,968 loss) after tax of £263,900 against £108,234. And after extraordinary credits of £742,702 (£638,748), which were transferred to capital reserves, minorities £28,000 (same), and dividends £101,105 (nil), the amount retained was £82,244 (£102,996 loss).

The extraordinary credits arose almost entirely from property sales and the disposal of the Belgian subsidiary.

At the AGM, to be held at the Connaught Rooms, WC, on November 7 at noon, shareholders will be asked to increase the directors rate of remuneration from £500 to £1,500 per annum.

Henriques doubled midyear

PRE-TAX profits of Arthur Henriques, clothing manufacturer, more than doubled from £46,587 to £114,867 for the first half of 1978 on turnover ahead from £1.13m to £1.6m. Profit for 1977 was down to a depressed £79,000.

Mr. A. Gold, the chairman, says that competition continues to remain intense, but that every effort is being made to maintain the improved sales and profits.

After tax of £66,381 against £26,613 net profit was £48,486 compared with £19,974 and after an unchanged interim dividend of 0.395p net per 10p share absorbing £3,606, the amount retained came out at £44,880 (£16,368). The chairman has waived the dividend on the 1,087,168 shares registered in his name.

UNIT TRUSTS

A varied selection for income and growth

Most of the managers who are this week drawing investors' attention to their wares are offering enticing prospects of either growth or income: there isn't much that combines the two. Henderson's Cabot Recovery Trust is, however, an exception to the general rule. Although primarily a growth investment—the managers are aiming for shares in companies whose profits have been through a rough patch—the estimated yield at the fixed offer price of 50.9p per unit is 6 per cent: and while that might not be enough to attract anyone who was primarily interested in yield, it certainly forms an interesting complement to the growth prospects.

Henderson's managers warn that the price of this trust could be more volatile than most, because of its specialised nature: and the same argument might reasonably be applied to all the other growth trusts on offer this week. Indeed, M and G's managers—in drawing attention to their American and General Fund — agree that U.S. share prices could decline again in the short term: but they argue that the long term growth prospects will more than compensate.

It's long term growth prospects, too, that the managers of the four Far Eastern trusts on offer this week are offering to the potential investor. Two of these trusts—Save and Prosper South East Asia Growth Fund, and Target Pacific—are brand new, but Gartmore Far Eastern—a top performer this year—has been going long enough to build up a track record, and so has Arbuthnot's Far Eastern and International Fund. The latter has a hefty U.S. element to its portfolio, and around 10 per cent of its money in Australasia, so its performance this year hasn't been as striking as that of the non-adulterated Far East funds. Conversely, of course, it shouldn't suffer as much if the buoyancy which these markets have shown so far this year were to evaporate.

For the income seekers there's a choice between an all-equity fund—Craigmount High Income whose units are yielding 9 per cent—and a fixed interest fund Schlesinger's Preference and Gilt. The latter yields 12 per cent, but the income isn't likely to rise—at any rate, not by much: that of the Craigmount fund, in contrast ought to do so. In each case, the income is paid quarterly. Income seekers (or for that matter growth seekers, since there's a reinvestment option) might also be interested in the Guaranteed Bonus Bond recently launched by Generali (see page 9). The yield is an attractive 9 per cent net of basic rate tax, so it provides some formidable competition for the building societes—though there is no provision for encashment before the end of the four year period.

Finally, two more general services are advertised. Merchant bankers Schroder Wagg are drawing investors attention to their four unit trusts, and the life assurance company Vanbrugh its new Vanbrugh Investment Portfolio. This is a life bond with switching facilities between its six funds—but you need £25,000 to invest to take advantage of the services it offers in addition to the conventional life bond range.

British Land acquires 26% of City Offices

A 26.22 per cent stake in City Offices, a property investment group with a totally ungeared portfolio of central London properties, changed hands yesterday in a share and cash deal worth £4.5m.

The purchaser was British Land which bought the stake from British and Commonwealth Shipping for £1.5m in cash plus the issue of 6.8m shares. The result is that B and C becomes the largest shareholder in British Land, with an 8.67 per cent stake in the enlarged equity.

After the announcement of the deal B and C shares dropped 6p to 303p, City Offices' put on 3p to 67p (where the market capitalisation is £18m) and British Land lost 1p to end at 45p.

Mr. John Ritblat, chairman and managing director of British Land, yesterday did not rule out the possibility of a full scale bid by his company for the rest of City Offices, which has a gross rental income in excess of £1.2m (following the recent letting of its 92,600 sq ft office block in Bristol).

"We have no intention of reselling the stake as a dealing counter," he said, "and it would be foolish to say one does not consider bidding for the company."

Mr. Ritblat said that he was very pleased with the transaction as City Offices was a conservatively managed group with a similar attitude towards his own regarding holding properties as investments.

It is not yet known whether British Land will seek Board representation at City Offices, a move which would allow British Land to consolidate City as an associate company.

The company secretary of City Offices, Mr. Michael Martin, remained carefully neutral about the change in the shareholding. He said that while the company had not been approached by either B and C or British Land prior to the exchange, Mr. Ritblat had informed the company of the transaction shortly before it was announced to the Stock Exchange.

Initial City reaction to the deal was that City Offices was an excellent company for British Land to be associated with. In recent months British Land has made a number of purchases of stakes in property companies—nearly always for shares—as means to increase its own share base and to acquire income or assets. Several of the stakes have been sold shortly after they were acquired.

However, yesterday's deal is regarded as a good investment in its own right not least because of the total lack of borrowings at City Offices and its record of steady profit growth. Last year City Offices made £1.1m pre-tax and in the six months of June [illegible]

SHARE STAKES

Ault and Wiborg Group: Mr. K. Sleet, a director of a subsidiary, has purchased 11,000 shares.

Brixton Estates: Mr. H. S. A[illegible] has sold 5,000 ordinary shares.

Associated Biscuit Manufacturers: R. G. Monbiot, a director, has acquired 1,000 ordinary shares.

A. F. Bulgin and Co.: Mr. F. Bulgin, a director, has sold 3[illegible] "A" non-voting ordinary shares.

BBA Group: J. L. Fenton, director, sold 10,000 shares at 60p September 20, 20,000 at 57p October 4, and 43,450 at 60p October 11, all from personal holdings.

Midhurst White Holdings—[illegible] Investments has sold 10[illegible] ordinary shares reducing holding to 350,000 (4.66 per cent). Midhurst is the target of a [illegible] from Wereldhave, a Dutch property group.

City and Intl. Trust—James Group has disposed of entire holding of £90,000 [illegible] cent cumulative preferred stock.

Bank of Scotland — [illegible] Investment Office has acquired interest in a further 25,000 shares making total £2,016,500 [illegible] (6.232 per cent).

Brocks Group of Cos.—[illegible] Clack has acquired 185,000 shares and A. G. Irwin has acquired 46,250.

Silverthorne Group—Unochrome Intl. has purchased a further 6,000 ordinary shares bringing aggregate holding to 2,307[illegible]

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ISSUE NEWS

Kitchen Queen offer at end November

Furniture retailer and manufacturer Kitchen Queen will be coming to the market at the end of November with an offer for sale raising about £1.8m for existing shareholders.

Around 25 per cent of the equity is being sold, and Kitchen Queen is expected to have a market capitalisation in excess of £7m.

The company will be coming to the market on a forecast of profits over £1½m on sales above £15m. The company's profits growth has been impressive, five years ago pre-tax profits were less than £300,000.

Kitchen Queen has two basic operations. The retailing side concentrates on kitchen, bedroom and living room furniture through three major sites.

There is a 36,000 sq ft modern warehouse in Manchester with over 50 kitchens displayed in room settings. The company has expanded and opened a 24,000 sq ft site in Coventry and recently a 33,000 sq ft site in Leeds.

The manufacturing side produces flat pack furniture for the DIY trade under the brand name Di Lusso. Some of this is sold through its own retail outlets—there is a small prototype High Street store in Hanley selling the Di Lusso range—but mainly the furniture is sold to other retailers. Di Lusso is sold through over 1,000 outlets including Marley, Texas Discount, Homecharm and Woolworths.

Kitchen Queen was started by Mr. Neville Johnson who is now in his mid-thirties about 12 years ago. He sold out to what was then the Cranleigh Group in a two-part deal during 1973 and 1974. He later bought the company back for £350,000 in 1975.

Mr Johnson and his family interests control about 75 per cent of the capital. Industrial and Commercial Finance Corporation owns 10.8 per cent and other directors of Kitchen Queen control the balance.

All the existing shareholders will be reducing their holdings by a quarter for the offer for sale. The company will not be raising any new money from the offer.

Manchester stockbrokers Halliday Simpson are handling the issue.

EASTERN PRODUCE CONVERSIONS

Holders of £445,827 of Eastern Produce (Holdings) 10½ per cent convertible unsecured loan stock 1995-2000 have converted their stock into 786,733 ordinary shares.

A total of £139,734 of the convertible remains in issue, and the company is going to exercise its right to require this to be converted into ordinary shares.

Staffordshire Potteries

An unexpected victim of the Treasury's move against preference scrip issues has turned up. The report and accounts from Staffordshire Potteries (Holdings) released yesterday says that the directors were going to propose an issue of 10 per cent preference shares by way of a capitalisation of reserves.

However, in an accompanying letter the directors state that they have dropped these plans but will be going ahead with a scrip issue of ordinary shares on the basis of one-for-four.

PREFERENCE SCRIPS

Both Bejam and Campari are dropping their plans for scrip issues of preference shares following the Treasury's new ruling.

Campari confirms that it will be amalgamating its "B" ordinary shares with its ordinary shares, subject to shareholders' approval on November 6.

The directors say that it is their intention immediately afterwards to declare a first interim dividend of 0.5p per share on the entire capital for the year ending May 31, 1979.

DALGETY—90%

Dalgety's rights issue of 6,939,997 ordinary shares has closed with acceptances of approximately 90 per cent. The balance has been sold for the benefit of holders who did not take up their entitlement.

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and mergers

Vantona re-emerged in the battle for control of **J. Compton Sons and Webb**, the uniform manufacturer—an agreed counterbid has come from **Vantona** worth £13.1m. It was an approach from the latter company—subsequently rejected by the Compton Board—which prompted recent offers from Carrington Viyella and Courtaulds. Carrington Viyella has since withdrawn, but the Courtaulds bid worth £11.9m remains on the table. The Compton directors, originally supporters of the Courtaulds offer, now favour the Vantona bid which comprises 59 Vantona shares for every 100 Compton.

Mr. Norman Gidney, the chairman of **Warwick Engineering**, is making a third attempt to absorb the whole of Warwick into his private company, Gidney Securities. Last June, Warwick announced that it was again holding talks which could result in an offer being made for the 23.1 per cent of the equity which Mr. Gidney did not already own. The agreed terms are 41p cash per share which compares with the 26p per share original offer made in 1976.

Shares of **Midland Educational**, the Birmingham-based bookseller and stationer, jumped sharply on a surprise counter-bid from **Lonsdale Universal**. The latter's cash and shares bid values each Midland share at 206p and the discrepancy between this and the current market price of 220p indicates that speculators are anticipating more action. Meanwhile **Pentos**, which is bidding £2.1m in cash for Midland, has extended its offer of 150p a share cash until October 24. Lonsdale is offering nine ordinary shares plus 250p in cash for every five Midland.

Directors of **Tridant Group** have withdrawn their support for the £3.7m bid from **Starwest Holdings** in favour of the £4.4m counterbid from **Argus Press**, a wholly-owned subsidiary of British Electric Traction. The struggle for control of Tridant is still far from cut and dried as Starwest, holders of 45 per cent of the Tridant ordinary, have extended their offer until October 20.

Dealings in **Centreway** and **George Whitehouse** have been suspended pending the outcome of discussions which may lead to a merger of certain of their interests.

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid (£m's)**	Bidder	Final Acc'tce date
	Prices in pence unless otherwise indicated.					
Alida Packaging	145*	139	108	4.63	Rockware Grp.	—
Bambergers	79½§§	78	88	7.85	Intl. Timber	—
Bonser Eng.	45*	44	36	2.70	Kaye Organ.	20-10
Bourne & Hollingsworth	235*	227	317	11.28	Raybeck	—
Compton Sons & Webb	70*	73	59	11.92	Courtaulds	17.10
Compton Sons & Webb	77.3	73	73	13.1	Vantona	—
Customagic	21	16	19½	1.10	Mooloya Invs.	—
Dawson Intnl.	203½	200	156	35.07	Wm. Baird	—
Eastwood (J. B.)	132*	138	90	31.53	Cargill	—
Glanfield Secs.	[illegible]	335	205	6.87	Legal & Genl.	—
Goldrei Foucard	102*	100	78	2.39	Nthrn. Foods	—
Lyons (J.)	157	155	97	61.70	Allied Brews.	—
Midhurst Whites	48*	47½	47	3.6	NV Wereldhave	—
Midland Educational	206	220	150	2.58	Londale Univ.	—
Midland Educational	150*	220	120	2.10	Pentos	24-10
Mowat (W.)	22½*	40	27	0.225	Jenth	—
New York & Gartmore	47*	45	46	5.76	Britomin	—
Plantation Hldgs.	64*	67	64	12.89	Multi-Purpose	—
Tridant Group Printers	85*	99½	55	3.72	Starwest Inv.	20.10
Tridant Group Printers	100*	99½	54	4.38	Argus Press	—
Warwick Eng.	41*	40	40	2.46	Mr. N. Gidney	—

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Combined market capitalisation. Date on which scheme is expected to become operative. ** Based on 12/10/78. †† At suspension. ‡‡ Estimated. §§ Shares and cash. ¶¶ Based on 13/10/78.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
BPM	July 1	4,074	(1,854)	33.4	(22.9)	2.196	(2.862)
Glaxo	June 30	86,360	(87,020)	49.1	(49.2)	11.4	(10.21)
Green Props.	June 30	510	(278)	4.2	(2.3)	1.492	(1.336)
Halstead	June 30	785	(197)	4.5	(2.8)	0.804	(0.725)
Highland Elecs.	Apr. 30	535	(429)	3.2	(1.9)	1.19	(1.075)
Hwrd. & Wyndham	June 30	315	(118)	4.6	(1.2)	0.66	(Nil)
Kent (M. P.)	June 30	1,110	(822)	8.5	(5.7)	2.26	(2.06)
Lake & Elliot	July 31	1,621	(1,121)	8.2	(4.4)	3.891	(3.491)
Lawtex	July 1	502	(458)	23.5	(21.4)	3.223	(2.887)
Lockwoods	May 31	2,231	(2,241)	18.6	(18.4)	4.12	(3.69)
Nolton	Apr. 30	144'	(14)L	4.6	(—)	2.0	(2.0)
Photo-Me Intl.	Apr. 30	2,226	(2,017)	33.8	(33.0)	6.02	(3.96)
Prestwich Parker	June 30	217	(174)	4.6	(3.9)	3.0	(3.0)
Sirdar	June 30	2,110	(1,140)	20.8	(12.9)	3.148	(2.799)
W[illegible]well	July 31	607	(242)	8.9	(4.2)	1.328	(1.198)

Offers for sale, placings and introductions

Rickmansworth and Uxbridge Valley Water Company: Offer by tender of £2½m 7 per cent redeemable preference stock 1985 at minimum of £97.50 per cent.

Scrip Issues

Danks Gowerton: One-for-one.
Howard and Wyndham: One for fifteen.

Rights Issues

Fothergill and Harvey: One for three at 88p.

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Adda Intl.	July 9	621	(408)	0.3	(0.2)
[illegible]alg. Power	June 30	3,112	(2,031)	2.946	(2.64)
Assoc. Biscuit	Sept. 10†	4,000	(4,020)	1.65	(1.4057)
Barr & Wallace	July 31	1,232	(902)	1.0	(Nil)
Bowthorpe	June 30	3,300	(3,010)	0.838	(0.75)
Bronx Engrg.	May 31	38	(366)	0.44	(0.4)
Bruntons	June 30	887	(799)	3.445	(3.085)
Cartwright (R.)	June 30	392	(297)	1.5	(1.364)
Christies	June 30	2,885	(1,917)	1.25	(1.0)
[illegible]kinson	June 30	904	(543)	1.738	(1.556)
Debenhams	Aug. 12	4,860	(3,070)	1.776	(1.591)
Dwek Group	June 30	112	(104)	Nil	(Nil)
Ellis & Goldstein	July 31	683	(468)	0.968	(0.88)
Empire Stores	Aug. 12	2,950	(2,550)	2.479	(2.22)
England (J. E.)	June 30	114	(516)	0.399	(0.363)
Farnell Elecs.	July 31	1,830	(1,130)	2.579	(2.31)
Feb Intl.	June 30	204	(133)	0.737	(0.66)
Fogarty	June 30	1,056	(727)	1.12	(0.848)
Foster Bros.	Aug. 31	3,931	(1,415)	1.594§	(1.038)
Fothergill & Hrvy.	July 15	783	(453)	2.5	(2.25)
Freemans (SW9)	Aug. 12	7,210	(5,520)	3.15	(2.42)
Glossop (W. & J.)	July 31	315	(395)	1.612§	(1.423)
[illegible]ttan	Aug. 12	4,467	(6,090)	1.786	(1.70)
Green's Economsr.	June 30	100	(1,047)	2.12	(2.12)
Harrison (T. C.)	June 30	1,328	(876)	1.538	(1.24)
Hawtin	July 31	440	(349)	Nil	(Nil)
Helene of London	June 30	556	(430)	Nil	(Nil)
Hewden Stuart	June 30	3,245	(2,239)	0.45	(0.35)
Hill (Charles)	June 30	500L	(29)L	Nil	(2.0)
Hunting Assoc.	June 30	2,500	(2,000)	1.524§	(1.35)
Hunting Gibson	June 30	182L	(604)	0.1	(5.0)
Jerome (S.) & Sons	June 30	311	(256)	0.502	(0.457)
Lee Cooper	June 30	2,480	(1,400)	1.25	(0.619)
Lesney Prods.	July 16	2,766	(2,443)	1.179	(1.056)
Lever	June 30	95	(60)	Nil	(Nil)
London & Prvncl.	June 30	1,195	(759)	3.42	(2.993)
Marchwiel	Apr. 30	5,230	(5,390)	2.0	(—)
McLeery	Apr. 30	247	(265)L	0.2	(Nil)
McNeill Group	June 30	667L	(140)L	Nil	(Nil)
Martin-Black	June 30	244	(246)	1.0	(2.0)
Moss Bros.	July 29	131	(115)	1.33	(1.33)
Mettoy	Sept. 9‡	1,580	(1,249)	1.2	(1.05)
[illegible]ran Tea	Dec. 31‡	188	(1,330)	15.0	(15.0)
Mowlem (John)	June 30	2,407	(2,748)	1.65	(1.5)
Pickles (Wm.)	June 30	316	(519)	0.2	(0.29)
Reed (Austin)	Aug. 5	1,012	(750)	1.1	(1.0)
Reed Exec.	June 30	782	(372)	1.5	(1.1)
Ruberoid	June 30	450	(159)	0.77	(0.7)
Selincourt	July 31	1,704	(1,545)	0.3125	(0.45)
Sheffield Brick	June 30	54	(85)	0.75	(0.75)
Silentnight	July 29	1,735	(1,301)	1.12	(0.847)
Waterford Glass	June 30	4,720	(3,620)	0.75	(0.562)
[illegible]	June 30	1,440	(1,230)	1.125	(1.0)
Weeks Assoc.	Aug. 13	285	(373)	0.6	(0.5)

(Figures in parentheses are for corresponding period.)
Dividends shown net except where otherwise stated.
* Adjusted for any intervening scrip issue. † 36 weeks. ‡ Nine months. § Including special dividend due to change in tax rate. ' This figure was announced incorrectly on Saturday, September 23 as £121,000, which was the after tax figure. L Loss.

Edinburgh Industrial Holdings

The long delayed results from **Edinburgh Industrial Holdings**, for the 17 months to March and the overlapping 12 months to June of this year have been published.

The figures differ substantially from the forecasts made at the time of acquisition of Southern Tankers late last year. Those forecasts were made at the insistence of the Stock Exchange.

Results for 17 month period show a turnover of £3.96m and a group loss of £493,000 after an exceptional debt of £231,000. In addition there were extraordinary debts of £450,000 and tax amounted to £83,000.

The forecast was for turnover of £3.8m and a net loss before tax of £35,000.

For the 12 months to June actual figures were £3.33m in revenue and £375,000 trading profit.

The forecast (excluding £2.3m revenue and £145,000 profit relating to EIH Electronics, a subsidiary sold during the period) was for revenue of £8.7m and trading profit of £263,000.

Yesterday, Mr. Godfrey Bilton, chairman, said that the discrepancies would be fully explained when the accounts are published in three to four weeks' time.

One change has been the board's decision to treat all ships as trading assets and as a result the profit on the ship dealing account for the 17 month period amounts to £446,000, largely as a result of sales of certain ships acquired with Southern Tankers. The profit to June included an element from the same source.

In a separate announcement EIH said that Obex Developments, in which it has a 40 per cent stake through its subsidiary Obex Oil, has signed a 10-year charter contract with Club Mediterrance to provide a cruise ship for the River Nile.

The transaction is said to involve Obex in a growing and active market which will prove beneficial to the group.

First quarter augurs well for MFI

TRADING at MFI Furniture Centres in the first three months of the current year is described by Mr. A. C. Southon, chairman, as excellent, and on the basis of this trend continuing he looks forward to another successful year.

As reported on September 30, pre-tax profits for the year to May 27, 1978, surged from £1.56m to £5.34m.

Mr. Southon explains that substantial internal growth, extended national coverage and increasing demand from existing customers, enabled the company to reduce costs of advertising, payroll and overheads in relation to turnover. Although there was a slight reduction in trading margins during the year, in net terms margins showed an outstanding improvement.

Seven new branches were opened in the year and two relocated. Three older branches have been closed. Since the end of the year a further three branches have been added, bringing the present total to 59.

Plans are well advanced for further branches to be opened during the current year including a number of sites which are being developed. The group is continuing its policy of re-siting a number of existing branches to larger premises in improved locations.

A separate company has been formed to promote exports—which during the year under review contributed £214,211. The chairman says that he is hopeful that in the current year this contribution will show an increase.

A statement of source and application of funds shows a £2.08m inflow of net liquid funds compared with a £19,000 outflow.

At May 27 directors and their families held 35.3 per cent of the company. Other shareholdings included Mrs. J. W. Searle 21.88 per cent and Philip Lait and Company 6.06 per cent.

The AGM of the company will be held at the Wembley Conference Centre, Wembley, on November 2 at noon.

Extra funds

BEEHIVE LIFE Assurance, part of the Lloyds Bank Group, has extended the range of funds. Investors now have the choice of eight new funds, including property, fixed interest securities, managed, cash and equities. The equity funds will be linked to the four Lloyds Bank unit trusts.

Bourne & Hollingsworth

For the six months to August 14, 1978, Bourne and Hollingsworth reports a downturn from pre-tax profits of £4,000 to a deficit of £75,000. Turnover for the period advanced from £3.93m to £4.08m.

In view of the offer by Raybeck there is no interim dividend. Last year's payment was 1.25p and the final was 1.025p.

There was a tax credit of £39,000 (£2,000 charge) for the first half leaving the net loss at £36,000 (£2,000 profit).

Raybeck has sent out its offer document. In this the B and H chairman, Mr. Christopher Bourne, says that the Bourne family had been selling its shares for a number of years—to meet heavy tax bills.

He said that the family had come to the conclusion that it would be better to dispose of its controlling interest in an orderly fashion. The family has a near 70 per cent stake and has agreed to accept Raybeck's offer with regard to a 59 per cent holding in B and H.

The B and H directors and the group's financial advisers Morgan Grenfell are advising other shareholders to accept Raybeck's terms.

SHARE STAKES

Westpool Investment — Lewis's Selfridges Pension Scheme now holds 473,534 (8.1 per cent) shares following the exercising of conversion rights pertaining to Westpool's 5 per cent conversion unsecured loan stock.

EUROPEAN OPTIONS EXCHANGE

Series		Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	Apr. Vol.	Apr. Last	Stock
AKZ	F.32.50	16	0.20	49	2	20	3.50	F.31.40
AKZ	F.35	—	—	31	1.40	50	2.20	..
EK	$.60	9	4½	2	7½	—	..	$64½
EK	$.70	—	—	8	2¼	—	..	..
FNC	$.25	31	3¾	2	3⅞	20	5¼	$28¾
FNC	$.30	—	—	15	1½	—	..	..
GM	$.60	3	4½	30	5⅞	30	5¾	$65½
HO	F.32.50	5	7.50	—	—	—	—	F.40.30
HO	F35	7	5	—	—	—	—	..
HO	F37.50	—	—	2	5.90	—	—	..
HO	F40	—	—	8	4	5	6	..
HO	F.45	—	—	—	—	36	3.20	..
IBM	$2.40	—	—	5	52	—	—	$287½
IBM	F.360	—	—	2	33½	—	24¾	..
IBM	$280	22	9½	11	18½	1	—	..
IBM	$300	25	¼	18	9½	—	—	..
KLM	F.142.90	1	21	1	25	—	—	F.162
KLM	F.150	5	13.50	—	—	—	—	..
KLM	F.152.40	6	11	—	—	—	—	..
KLM	F.160	21	3.80	—	—	—	—	..
KLM	F.161.90	1	4	10	13.70	—	—	..
KLM	F.170	16	0.60	19	10	4	14.50	..
KLM	F.171.40	49	0.60	15	9	—	—	..
KLM	F.181	—	—	24	6	—	—	..
NN	F.108.90	6	1.50	—	—	—	—	F.109.60
PHI	F.25	49	1.70	—	—	—	—	F.26.70
PHI	F.27.50	—	—	105	1.50	58	2.50	..
PHI	F.30	—	—	66	0.80	18	1.40	..
RD	F.130	20	0.80	39	5.40	23	7.50	F.130.60
RD	F.140	—	—	16	1.50	12	3.50	..
[illegible]	$60	—	—	2	3⅞	—	—	$63¾
UNI	F.120	—	—	5	6.60	—	—	F.125.20
		Nov.		Feb.		May		
BA	$50	3	17⅞	—	—	—	—	$68¼
BA	$70	6	3⅞	7	6½	5	9	..
DXY	$20	2	[illegible]	—	—	—	—	$20
TOTAL VOLUME IN CONTRACTS						1075		

WORLD STOCK MARKETS

Undecided in slow trading

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—80¼% (81⅞%)
Effective $1.9865 37¾% (38¼%)

AN UNDECIDED tendency prevailed in slow trading on Wall Street yesterday, as uncertainties surrounding Tax and Energy Legislation persuaded many investors to sit on the sidelines.

But analysts said the market was holding up well in the face of a 10 per cent prime rate and expectations of more interest rate rises and higher inflation still to come.

The Dow Jones Industrial Average put on 0.35 to 897.09, making a rise of 17.07 on the week—the day's high and low was 902.20—891.55. But the NYSE All Common Index shed 13 cents to $58.93, reducing its rise on the week to 50 cents, and losses led gains by 853 to 536. Trading volume dropped 82m shares to 21.92m.

After the close, the Federal Reserve raised the discount rate to 8½ from eight.

The prime rate rise to 10 per cent became industry-wide and analysts generally expected it to go higher, despite a $2bn fall in the Basic Money supply in the latest statement week.

Firestone Tire topped the active list, adidng $⅛ to $13¼.

Westinghouse Electric slipped $¼ to $22 despite improved third quarter operating profits.

Carirer gained $1¼ to $26¼ — it is subject of an unfriendly take-over attempt by United Technologies, off $¼ to $44⅞.

Green Giant, being sought by Pillsbury, held unchanged at $35¼.

Simmons advanced $1⅞ to $18¼ —it accepte daGludnaf¦s SHS —accepted a Gulf and Western offer of $19 per share.

Certain-Teed dropped $1⅛ to $22¼ on lower third quarter profits.

Motors eased—they reported early October car sales rose 1.6 per cent.

Upjohn moved up $1¼ to $53 —an analyst forecast a 34 per cent rise i nthird quarter profits.

THE AMERICAN SE Market Value Index fell 1.36 to 170.79, reducing its rise on the week to 0.56. Volume 3.11m (3.68m) shares.

Dome Poroleum topped the active list, and dropped $9 to $70½ — it won't try to test two Beaufort Sea wels during the current drilling season because of severe Arctic weather.

On the NYSE, Dome Mines, which holds 26 per cent of Dome Petroleum, fell $4½ to $88¼.

CANADA — Widely lower in active trading, with the Toronto Composite Index down 10.0 to 1322.7.

The Gold Share Index dropped 54.2 to 1680.4, Oil and Gas fell 55.6 to 1703.2 and Metals and Minerals declined 11.4 to 1184.8, while Papers eased 0.56 to 155.52. But Banks rose 4.44 to 311.00 and Utilities fimed 0.48 to 197.68.

Due to technical problems at the Toronto and Montreal exchanges, closing prices were not available.

AUSTRALIA—Markets firmed slightly with B. H. South up another 3 cents to $A1.51 amid persistent speculation of a take-over by Peko-Wallsend, up 2 cents to 5.06.

Queensland Mines rose 5 cents to 3.10. Renison put on 20 cents to 11.30 on higher tin prices.

Woodsreef fell 1½ cents to 2 cents on Federal Government's decision not to provide aid to company.

Uraniums subdued in wake of decision by Aboriginal land-owners in Northern Territory to reject Ranger Agreement in its present form.

SWITZERLAND—Mainly firmer in quiet business.

PARIS—Narrowly mixed in strong volume.

Bouygues rose FFr 29 to 868 in generally lower Constructions on higher first half year profits. Air Liquide shed FFr 4 to 371, despite higher profits.

AMSTERDAM—Mostly higher but trading remained quiet.

Bos Kalis, HBG, Volker, Stevin and IHC Holland slightly higher on reports they will get a Chinese order worth some billions of guilders.

Robeco lost Fl 1.30 on its unchanged stock dividend.

State Loans edged higher, despite Bank Rate increase.

TOKYO—Slightly lower with fresh buying in "low-price" shares alternating with liquidations in populars. Volume 350m (280m) shares.

Export-Orientated issues generally lower in view of Foreign Exchange Market uncertainties.

Pharmaceuticals higher on revived buying interest towards close.

Some Public Works "low-priced" Chemicals and Textiles also higher.

BRUSSELS—Mixed to mostly lower in quiet trading.

UK, Dutch, U.S. and French stocks lower, Germans steady. Gold Mines also lower.

American Petrofina firm on second half year dividend.

MILAN—Easier on profit-taking. Bonds narrowly mixed.

HONG KONG — Steady to slightly higher in moderately active turnover.

GERMANY — Prices rose strongly in heavy trading with the index hitting a record high of 859.50, up 5.90.

The Chinese invitation to German companies to form a Consortium and offer tenders to a steelworks worth up to DM 28bn was the main factor pushing up prices.

FRIDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Firestone Tire	505,400	13¼	+⅛
Congoleum	254,200	22½	+⅛
Westinghouse Elec.	220,000	22	−¼
Carrier	217,100	26¼	+1¼
UAL	205,000	39½	−¼
Boeing	204,800	65¾	+¾
Green Giant	190,400	35¼	—
Amer. Hospital Sup.	185,100	27⅞	+½
General Motors	182,800	61⅞	−⅛
Warner-Lambert	172,800	26⅞	−⅛

Indices

NEW YORK—DOW JONES

	Oct. 13	Oct. 12	Oct. 11	Oct. 10	Oct. 9	Oct. 6	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	897.09	896.74	901.42	891.55	885.19	880.02	907.74 (8/9)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	88.50	88.53	88.21	88.28	88.30	88.32	90.86 (4/1)	86.78 (11/7)	—	—
Transport	249.81	250.12	249.85	249.58	248.50	245.88	261.48 (8/9)	199.31 (9/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	106.77	106.70	106.97	106.75	106.65	106.29	110.98 (5/1)	102.84 (22/2)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	21,920	30,170	21,790	25,470	19,720	27,380	—	—	—	—

* Basis of Index changed from August 28

Ind. div. yield %	Oct. 6	Sept. 29	Sept. 22	(Year ago approx)
	5.39	5.48	5.50	5.37

STANDARD AND POORS

	Oct. 13	Oct. 12	Oct. 11	Oct. 10	Oct. 9	Oct. 6	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
‡Industrials	116.06	116.29	115.95	115.90	116.09	114.84	118.71 (12/9)	95.52 (6/3)	134.64 (11/1/73)	3.52 (30/6/32)
§Composite	104.66	104.88	105.39	104.46	104.59	103.52	106.99 (12/9)	86.90 (6/3)	125.85 (11/1/73)	4.40 (1/6/32)

	Oct. 11	Oct. 4	Sept. 27	Year ago (approx.)
Ind div. yield %	4.69	4.79	4.86	4.75
Ind. P/E Ratio	9.81	9.69	9.43	9.28
Long Gov. Bond yield	8.58	8.64	8.58	7.76

N.Y.S.E. ALL COMMON

Oct. 13	Oct. 12	Oct. 11	Oct. 10	1978 High	1978 Low
58.93	59.06	59.23	58.84	60.38 (11/9)	48.37 (6/3)

Rises and Falls

	Oct. 13	Oct. 12	Oct. 11
Issues traded	1,882	1,883	1,847
Rises	536	678	768
Falls	853	774	604
Unchanged	493	431	475
New Highs	—	—	54
New Lows	—	—	4

		Oct. 13	Oct. 12	Oct. 11	Oct. 10	1978 High	1978 Low
MONTREAL	Industrial	210.15	221.49	222.14	221.64	222.14 (11/10)	162.30 (16/2)
	Combined	225.36	226.61	225.81	224.98	226.81 (12/10)	170.62 (30/1)
TORONTO	Composite	1322.7	1332.7	1327.6	1324.9	1332.7 (12/10)	998.2 (30/1)
JOHANNESBURG	Gold	254.6	259.5	262.3	(c)	272.0 (14/8)	185.0 (20/4)
	Industrial	269.5	269.4	268.7	(c)	271.1 (15/9)	194.9 (13/3)

	Oct. 13	Previous	1978 High	1978 Low
Australia(¶)	561.65	558.52	566.79 (22/9)	411.19 (1/3)
Belgium (‖)	99.68	99.60	101.16 (8/6)	90.45 (25/5)
Denmark (**)	94.61	94.47	98.95 (14/6)	94.00 (6/2)
France (††)	80.5	81.5	85.0 (4/10)	47.6 (3/2)
Germany (‡‡)	859.50	853.60	859.50 (13/10)	759.4 (17/3)
Holland (§§)	86.8	86.6	95.1 (11/9)	76.0 (4/4)
Hong Kong (¶¶)	639.14	638.65	707.70 (4/9)	383.4 (13/1)
Italy (‖‖)	77.65	78.09	82.52 (25/9)	55.45 (10/1)
Japan (a)	453.38	452.25	455.76 (6/10)	364.04 (4/10)
Singapore (b)	374.46	375.32	414.50 (8/9)	282.0 (9/1)

	Oct. 13	Previous	1978 High	1978 Low
Spain (d)	96.36	(c)	Closed (9/5)	Closed (17/8)
Sweden (e)	375.15	375.49	402.70 (4/6)	322.74 (3/1)
Switzerld (f)	267.2	267.7	323.7 (14/2)	261.6 (26/9)

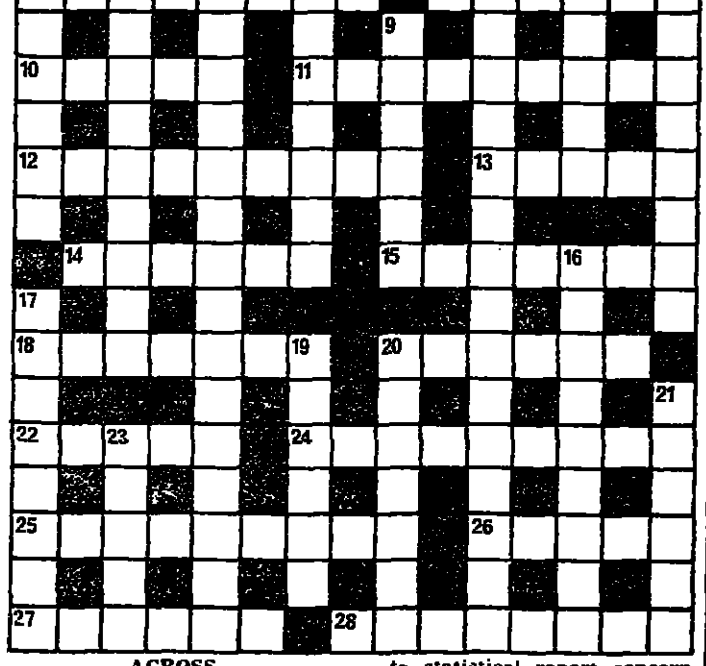
Indices and base dates (all base values 100 except NYSE All Common — 50 Standards and Poors — 10 and Toronto 300—1,000, the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec. 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 1972. a Tokyo New SE 4/1/68. b Straits Times 1966. c Closed. d Madrid SE 30/12/77. e Stockholm Industrial 1/1/58. f Swiss Bank Corporation. u Unavailable.

F.T. CROSSWORD PUZZLE No. 3,796

A prize of £5 will be given to each of the senders of the first three correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10, Cannon Street, London, EC4P 4BY. Winners and solution will be given next Saturday.

Name ....

Address ....



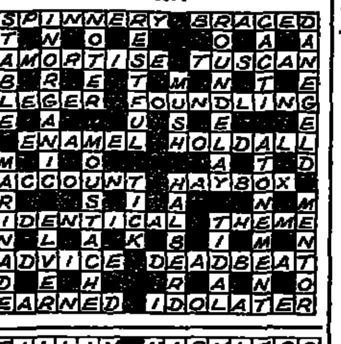
ACROSS

1 Hide position next to precinct (3, 5)
5 Stray about like eastern rubber (6)
10 Witches acquire key to cooker (5)
11 Love affair on royal yacht (9)
12 Initial tuition puts reduced burden on individual (6, 3)
13 Bird finds plunder at home (5)
14 Trimmer setting fruit right (6)
15 Debar CO from making fabric (7)
18 Accuse one member before every . . . (7)
20 . . . sailor posted missing (6)
22 Look after outside right in a fashion (5)
24 A golfer wants to travel (3, 6)
25 Skeleton service provided by tea shop (4, 5)
26 Fashionable dog to suffer (5)
27 Flu takes firm hold we hear (6)
28 Set free for letting in communist (8)

DOWN

1 Pub takes note at scene of events (6)
2 Listen in to prospective icicle (9)
3 Start given to cathedral in race (7, 8)
4 Help dupe sound off (7)
6 Response by receiver in court to statistical report concerning domestic employment (6, 2, 7)
7 Gentleman in India has upset one band-leader (5)
8 He's sorry to let salesman go in (8)
9 Policeman born wonderful (6)
16 Girl putting on a little weight gives out (9)
17 Song appropriate in sailor's carrier (5, 3)
19 Old woman soldiers consider quite a dish in Scotland (6)
20 Set in motion part of play you literally consumed (7)
21 Loved to reach a party blushing (6)
23 Part of the unseen nuisance is boredom (5)

SOLUTION TO PUZZLE No. 3,795



SOLUTION AND WINNERS OF PUZZLE No. 3,790

Following are the winners of last Saturday's prize puzzle:

Mr. J. E. Brown, 151 Kennington Road, London SE11 6SF.

Mr. J. C. Burt, 17 Heston Avenue, Heston, Middlesex.

Mrs. L. Skinner, 42 Chesil Court, London SW3 5QP.

SPAIN ♥

October 13	Per cent	
Asland	123	−2
Banco Bilbao	290	−3
Banco Atlantico (1,000)	233	—
Banco Central	3.04	—
Banco Exterior	269	—
Banco General	266	—
Banco Granada (1,000)	146	—
Banco Hispano	246	−2
Banco Ind. Cat. (1,000)	185	—
B. Ind. Mediterraneo	196	—
Banco Madrid	221	—
Banco Popular	254	−2
Banco Santander (250)	342	−6
Banco Urquijo (1,000)	291	−7
Banco Vizcaya	254	−2
Banco Zaragozano	266	−3
Bankunion	149	−3
Banus Andalucia	430	—
Babcock Wilcox	029	—
CIC	082	—
Dragados	258	—
Inmobanif	069	−3
E. I. Aragonesas	048	—
Espanola Zinc	101	—
Expl. Rio Tinto	56.50	−3.50
Fecsa (1,000)	64.50	−0.50
Fenosa (1,000)	62	—
Gay. Preciados	65	−5
Grupo Velazquez (400)	165	—
Banco Ceneral	304	—
Hidrola	71	−0.25
Iberduero	79	−1
Olarra	96	−2
Papeleras Reunidas	45	−2
Petroliber	128	—
Petroleos	189	−1
Sarrio Papalera	39	—
Sniace	45	—
Sogefisa	127	—
Telefonica	79.50	−1
Torras Hostench	76	−2
Tubacex	84	−1
Union Elec.	65	+0.50

BRAZIL

Oct. 13	Price Cruz	+ or −	Cruz Div.	Yld. %
Acesita	0.95	−0.01	0.12	12.65
Banco do Brazil	1.94	−0.06	0.16	8.24
Banco Itau PN	1.42	......	0.37	26.42
Belgo Mineira OP	1.13	+0.01	0.08	7.07
Lojas Amer. OP	3.21	......	0.20	6.23
Petrobras PP	2.31	−0.01	0.13	5.62
Pirelli OP	1.47	......	0.16	10.88
Souza Cruz OP	2.41	......	0.22	9.12
Unip PE	5.60	−0.15	0.25	4.46
Vale Rio Doce PP	1.11	−0.04	0.18	16.21

Turnover Cr.119.2m. Volume 62.4m.
Source: Rio de Janeiro SE.

NOTES: Overseas prices exclude $ premium. Belgian dividends are after withholding tax.

♦ DM50 denom. unless otherwise stated. ♥ Ptas. 500 denom. unless otherwise stated. ♣ Kr 100 denom. unless otherwise stated. Φ Frs 500 denom. unless otherwise stared. ¶ Yen 50 denom. unless otherwise stated. ≠ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs, including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. ▲ Interim since increased.

RACING **BY DOMINIC WIGAN**

Ahonoora is best for Bovis Stakes

THE EPSOM-trained Ahonoora, who sprang the biggest surprise of the season when producing fast early pace to win the Spillers Stewarts Cup a long way from home, can take today's Bovis Stakes at Ascot.

Ahonoora, who landed odds of 50—1 in that highly competitive Goodwood event, had his last race in another important sprint handicap—the Portland at Doncaster.

There he did well to finish a close fourth, just over two lengths behind Loudon, one of his 14 opponents here. On 10 lb better terms, Ahonoora is strongly fancied by his handler, Brian Swift, to reverse the placings.

I shall be disappointed if he cannot establish a decisive early lead over this five furlongs, which will ride fast unless there is some significant rain.

Of the remainder I have most regard for La Rosee, a disappointing filly of late but an extremely smart sprinter at her best.

Willie Carson, just one short of a career total of 1,500 winners, looks set to achieve that landmark in the opener, the Hyperion Stakes. The popular Scot, who is already assured of his third jockey's championship, rides Elusive Pimpernel for Lord Porchester.

This well-made bay colt by Arthur Budgett's first Derby winner, Blakeney, out of Hiding Place (already responsible for Smuggler), produced his best form to date when keeping on gamely to beat Jondi by 1½ lengths in a mile maiden event at Newbury last month.

Although this seven furlongs is probably on the sharp side for him, the Dick Hern-trained Elusive Pimpernel does not have a great deal to do. I take him to outpace that disappointing Mill Reef colt Moulin, who has shown little since going down narrowly in two group races—the Coventry and July Stakes.

Two other interesting races on this Racegoers Club concession day programme are the Princess Royal Stakes and the Cornwallis Stakes.

Idle Waters, who failed to beat Fordham over the 1½ miles of the Princess Royal Stakes here last time out, could be worth another chance in spite of the presence of the Irish St. Leger runner-up Sorbus.

In the Cornwallis, I intend giving one more chance to Greenland Park, who was far from disgraced in going down to Devon Ditty in the Flying Childers Stakes at Doncaster last time out.

ASCOT
2.00—Elusive Pimpernel*
2.30—Idle Waters
3.00—Ahonoora**
3.35—Greenland Park***
4.10—Lumen
4.40—Coquito's Prince

YORK
1.30—Lady's Slipper
2.00—Move Off
2.30—Claudio Nicolai
3.00—Young Bob
4.00—Silver Bay

AYR
2.15—Mark Henry
2.45—Current Gold
4.15—I'm A Driver

NEW YORK

[illegible]

CANADA

[illegible]

GERMANY ♦

[illegible]

PARIS

[illegible]

AUSTRALIA

[illegible]

TOKYO ¶

[illegible]

STOCKHOLM

[illegible]

BRUSSELS/LUXEMBOURG

[illegible]

COPENHAGEN ♣

[illegible]

SWITZERLAND Φ

[illegible]

MILAN

[illegible]

VIENNA

[illegible]

AMSTERDAM

[illegible]

JOHANNESBURG

[illegible]

OSLO

[illegible]

Securities Rand $U.S.0.73 (Discount of 36.52%)

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Honda profits decline 15.9%

BY OUR FINANCIAL STAFF

HONDA MOTOR Company has announced a fall of 15.9 per cent to Y7.82bn ($42.2m) in parent company profits for the first half of the financial year, from the record Y9.29bn in the same period of the previous year.

For the full year, to February 28, the company expects net profits to be Y15.3bn, or some 12.6 per cent less than the Y17.51bn of 1977-78, Honda said yesterday. This is broadly in line with the projection made in April, when the 1977-78 results were published.

An unchanged dividend of Y8 per share is planned for the year, including an unaltered interim payment of Y4.5.

Behind the downturn in profits at Honda, which became apparent in the returns for the second half of last year, is the rise in the value of the yen in the foreign exchange market.

In the first-half of the current year, the company suffered an exchange loss of more than Y10bn, against Y3.5bn in the first six months last year, and Y6.5bn in the second half of 1977-78.

Honda, which is the world's leading manufacturer of motor cycles, has also been growing rapidly in the motor car sector.

Sales, at the parent company level, rose by 16.2 per cent to Y461.88bn ($2.4bn) in the half-year to August 31, from Y397.57bn in the same period last year and are expected to rise by 9.8 per cent to Y931.18bn in the full year, from Y849.63bn in 1977-78.

In the first half, the average exchange rate of the yen fell by 29 per cent, in terms of the dollar, to Y211, from Y272 in the first-half of last year, and by 16 per cent from the Y245 in the latter-half, Honda pointed out.

Earnings per share in the first-half fell to Y13.22 from Y16.47 in the same period a year earlier.

Honda plans to export 830,000 motor cycles and 230,000 vehicles in the second half, compared with 757,000 and 257,000, respectively, in the first six months. In the domestic market, it plans to sell 440,000 motor cycles and 140,000 vehicles, compared with 573,000 and 130,000.

This gives overall sales of motor cycles in the half year of about 1.33m units, against about 1.19m in the same period a year earlier. The sales value was Y122.51bn, up 1.6 per cent, from Y120.66bn the year before.

The overseas sales of motor cycles, at 757,000 units, were up 5.3 per cent from the 719,000 in the same year-earlier period. Motor cycle exports to the U.S. market in the half year totalled about 129,000 units, down 25.7 per cent from some 154,900 units.

Overall sales of motor vehicles in the six months totalled 387,000 units, against 352,000 units in the six months to August, 1977. The motor vehicle exports of 257,000 units, were up from 211,000 units.

On a consolidated basis, Honda made net profits in 1977-78 of Y27.49bn (up 13.9 per cent), on sales of Y985bn (up 18.9 per cent).

Grand Union merger series

ELMWOOD PARK, NJ, Oct. 13.

GRAND UNION COMPANY is undertaking a series of mergers in which holders of Colonial Stores common stock will be entitled to $35 for each share held.

Grand Union said that approval of Colonial holders will not be required under Virginia law, and it expects to complete acquisition of the remaining publicly held Colonial shares within the next few weeks.

Reuter

Dispute on naval deal blunts Tenneco's third quarter gains

HOUSTON, Oct. 13.

TENNECO, the diversified energy and manufacturing concern will report a slight year-to-year earnings gain for the third quarter ended September 30, but the disappointing settlement of a dispute with the U.S. Navy blunted the increase Mr J. K. Ketelsen, chairman and chief executive said today.

In last year's third quarter, Tenneco had a net income of $96.6m or 98 cents a share primary and 92 cents fully diluted.

Mr. Ketelsen said the company will report a "nominal" gain over those figures.

But for the Navy settlement the company would have had an earnings gain of about 10 per cent he said. The settlement announced last week ended a long-standing dispute between the Navy and Tenneco's Newport News shipbuilding unit over the cost of additional work and delays in naval shipbuilding.

The navy agreed to an additional $188.9m for additional costs claimed under five disputed contracts for 12 nuclear-powered vessels.

Because the settlement was less than the amounts previously recorded for the contracts Mr. Ketelsen said Tenneco must include an after-tax writedown of about $9m on the value the company had placed on the contracts.

Revenue for the third quarter was more than $2.1bn, up from $1.8bn a year ago, Mr. Ketelsen said.

He predicted a very strong fourth quarter and an earnings gain for the year. In last year's fourth quarter, Tenneco reported net income of $118.6m or $1.21 per share primary and $1.14 per share fully diluted. Mr. Ketelsen predicted a satisfactory increase on those figures.

For the 1977 full year Tenneco reported earnings of $426.9m or $4.38 a share primary and $4.11 fully diluted.

Mr. Ketelsen said that the Tenneco board recently voted to raise its regular quarterly dividend 5 cents a share to 55 cents and said the move was "a good indication of the confidence we have" in future earnings.

Mr. Ketelsen attributed the optimistic outlook for the rest of the year to an expected rebound in shipbuilding results, petroleum production from a new field in the North Sea and increased production from the Gulf of Mexico. Solid performances by Tenneco's packaging and construction equipment units were also expected.

Capital expenditures for 1978 should reach about $900m exclusive of the cost of acquisitions, up from $714m last year, he said, and forecast that capital expenditure in 1979 should reach $1.15bn.

Tenneco plans to begin drilling on a lease block off-shore New Jersey before the end of this year, Mr. Ketelsen said. The lease block is adjacent to the block in which Texaco has discovered natural gas. In addition the company plans to begin drilling off the Georgia coast in March.

AP-DJ

Shell Oil sees net rise in 1978

LOS ANGELES, Oct. 13.

SHELL OIL Company which is 60 per cent owned by the Royal Dutch Company and 40 per cent by "Shell" Transport and Trading of the U.K., expects 1978 earnings to be slightly higher than the $5.11 a share earned in 1977, the company's president, Mr. John F. Bookout said here.

In the first half of 1978, Shell earned $2.52 a share, the same amount in 1977.

Mr. Bookout also said that if the necessary domestic acreage was made available for lease, Shell Oil might treble its capital expenditure during the next decade. Shell Oil previously said that it planned capital spending in 1978 of about $2.25bn, or 8 per cent more than in 1977.

Lack of opportunity beyond the next 10 to 15 years might, however, limit the company's conventional domestic oil and gas activities.

Shell expected significant growth in foreign activities in the coming years—"although it is probable that they will constitute only about 25 per cent of our total exploration and production investments 10 years from today."

In commenting on Shell's current operations, Mr. Bookout said that the company was considering participation in a proposed tar sands project in Canada.

He also said that because the oil products industry is mature in the long term, Shell expects "little ongoing investment beyond what is needed to keep company refineries and distribution systems competitive."

Reuter

SEC chided for timidity

WASHINGTON, Oct. 13.

THE SECURITIES and Exchange Commission is not overseeing the National Association of Securities Dealers sufficiently closely, according to the U.S. General Accounting Office.

In a report on relations between the two organisations, the Congressional watchdog agency faulted the SEC's staff for its alleged failure to deal "aggressively enough" with problems in overseeing the agency.

Reviewing SEC inspections of NASD actions on brokerage firms, the GAO found that the NASD had not noted violations of its rules by some of the firms. It also found, in some cases, that the NASD review had been "superficial," that there had not been any follow up of the NASD staff deciding against reporting certain apparent violations of NASD rules.

The NASD, founded in 1939, is the self-regulatory agency for the Over-the-Counter securities industry. It has more than 2,800 member firms, a regulatory staff of 445 persons and annual revenue of approximately $28m.

AP-DJ

Hunts lose legal battle

BY DAVID LASCELLES

NEW YORK, Oct. 13.

THE HUNT oil family yesterday lost the latest round in its long legal battle for $13bn damages arising out of the Libyan nationalisation of foreign oil companies' assets in 1973. A Manhattan court dismissed the anti-trust claims by the Hunts. But the family later said it might appeal.

The case arises out of events early in the 1970s when the threat of nationalisation in Libya spurred the large oil concerns active there to form the Libyan Producers Agreement under which companies said they would help each other out if their operations were taken over.

After nationalisation in 1973, the Hunts claimed that other parties to the agreement conspired to deprive them of oil, and went to court naming specifically Mobil, Texaco, Socal, BP, Shell, Exxon, Gulf, Occidental, Grace and Gelsenberg. In a counter-claim, these companies said that the Hunts had made a secret deal with the Libyans which undermined the producers' agreement.

In his finding, the judge said the defendants had not conspired to deprive the Hunts of oil or impose restrictions on the Hunts' right to re-sell oil they received under the agreement.

Heavier loss from Creusot Loire

By Our Financial Staff

A STRIKINGLY heavier loss for the first half of 1978 is reported by Creusot-Loire, the nuclear, heavy engineering and steel making arm of the Empain Schneider group which for the whole of 1977 announced a deficit showing a tenfold rise.

At FFr 150m ($35m) the losses this year compare with FFr 52.5m for the opening six months of 1977. For the whole of last year the setback was stretched to no less than FFr 222m, or $52m.

The Company said that if it appeared unlikely that results would improve up to the end of the year, "very rigorous" measures would have to be taken to ensure a better performance in 1979.

When the 1977 results were unveiled in June, the company pointed out that its troubles stemmed largely from steel-making. The official forecast for 1978 was that construction and heavy engineering would again make a substantial profit but that steel would probably be hard put to do little more than break-even.

Order books in steel products and heavy engineering were at the time considered to be relatively satisfactory.

Slowdown at ASUAG

By Our Own Correspondent

TURNOVER OF Allgemeine Schweizerische Uhrenindustrie AG (ASUAG), Switzerland's largest watch industry group, rose by 9.1 per cent in the first half of 1978 to an unconsolidated Swfr 673m ($426m). This growth, however, disguises the recent slowing down in business, according to a company statement. By last month, some 11 per cent of all group employees were on short time working and "further adjustments of production potential will probably prove unavoidable in the coming months."

Particularly, the ASUAG components subsidiary Ebauches, of Neuchatel, is affected by the deterioration in the market. Sales by Ebauches in the July-August period were more than ten per cent below those for the same two months of 1977. The company, which is to meet trade union representatives on Tuesday to discuss measures to combat current difficulties, is understood to be considering redundancies and the moving of capacity abroad.

Bofors up after eight months but holds to forecast

BY WILLIAM DULLFORCE

STOCKHOLM, Oct. 13.

BOFORS IMPROVED pre-tax earnings by 27 per cent to SKr 39.9m ($9m) in the first eight months, while sales climbed by 22 per cent to SKr 1.55bn ($352m). But because of the costs of rationalising its turbine an diesel engine subsidiary, Bofors-Nohab, the Swedish armaments, steel and chemicals concern will not change its earlier forecast that 1978 earnings will be only about the same or slightly higher than last year's SKr 92m.

A net deficit of SKr 2.1m on extraordinary items in fact reduces the eight-month earnings gain to 11 per cent. Bofors warns that as usual a relatively large share of billings takes place in the last four months of the year, so that the eight-month result is not an accurate reflection of the annual outcome. Total sales this year are expected to reach SKr 2.75bn, for a gain of over 18 per cent.

The SKr 20m in stock subsidies which boosted the eight-month result in 1977 have not been repealed this year. On the other hand, depreciaton charges are up by SKr 13m and the normally large financial income has been almost halved to SKr 20.4m.

The concern's liquid assets including financial claims fell by SKr 60m to SKr 670m during the period. The decrease stems mainly from the utilisation of advanced payments received earlier on armament orders to cover manufacturing costs.

Bofors is also in the middle of an extensive investment programme which hs boosted spending on plant from SKr 95m to SKr 129m in the report period. New investments totalling SKr 134m were also decided on during the period, in addition to the purchase of the Trelleborg Company's plastics operation.

The order intake grew by 13 per cent to SKr 1.88bn in the eight months, leaving Bofors at the end of August with an order book worth SKr 5.2bn, of which SKr 3.55bn concerned armament contracts.

Cement project costs holds back Euroc

BY OUR NORDIC CORRESPONDENT

STOCKHOLM, Oct. 13.

INVESTMENT of SKr 700m ($160m) in the modernisation of its cement factories is holding back the current profit performance of Euroc, the Swedish building materials and industrial group. Pre-tax earnings for the first eight months grew by SKr 4m to SKr 28m accompanying a 15 per cent climb in sales to SKr 1.82bn ($415m). But depreciation and interest charges for the cement project will result in a 1978 pre-tax result below last year's SKr 64m, according to the interim report.

The eight-month operating profit improved by 42 per cent to SKr 175m or, if stock gains are eliminated by 55 per cent to SKr 155m. This was achieved partly through increased foreign sales and partly through the cost-cutting programme the group has been undertaking over the past two years. Turnover outside Sweden moved up by 36 per cent to make up SKr 792m or 43 per cent of the total.

Depreciation charges rose by SKr 23m and net interest costs more than doubled compared with the corresponding period of 1977. Altogether the management calculates that the cost of its new cement plant at Slite has added SKr 27m to depreciation and SKr 22m to net interest charges. If the effect of this project is excluded, the pre-tax figure would be SKr 41m higher, it is stated.

Investments during the eight months almost trebled to SKr 378m, of which SKr 306m is attributable to the Slite project. Cash and bank balances declined by SKr 110m to SKr 164m during the period and in the middle of September Euroc took up a SKr 100m loan. Borrowing during the eight months amounted to about SKr 270m, including long-term suppliers' credits.

Euroc expects a slightly better market for its products during the remaining four months of 1978. Building investment in Sweden is expected to increase for the first time in five years but the upturn is likely to be weak and the increase in house-building will be offset by a further drop in industrial construction.

COMMODITIES/Review of the week

Stockpile sales bid hits tin

BY OUR COMMODITIES STAFF

TIN PRICES tumbled on the London Metal Exchange yesterday following news that the U.S. Senate had approved a measure authorising the release of 35,000 long tons of tin from the U.S. strategic stockpile.

Standard grade cash tin fell by £275 to £7,405 a tonne—still £50 up on the week after having traded at a peak of over £7,700 at one stage on Thursday.

The rise in prices to record levels was fuelled by a new squeeze on available supplies and expectations that the stockpile release Bill would not be passed before Congress went into recess today.

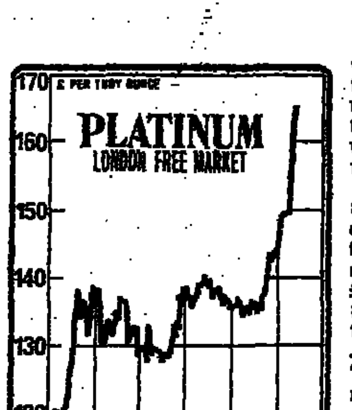
Considerable uncertainty remained in the market yesterday, since it was still unclear whether the stockpile tin legislation would receive final approval from Congress.

Reports from Washington said that the tin stockpile measure had been tacked on to a Sugar Pricing Bill, which proposed a minimum support price of 16 cents a lb for U.S sugar growers.

This conflicts with a Sugar Bill, passed by the House of Representatives, fixing a minimum support price of 15 cents a lb, which President Carter has reluctantly agreed to even though it is above the Administration's target of 14 cents.

President Carter, and Administration officials have repeatedly stated they will not accept a sugar support price of above 15 cents.

The addition of the tin measure, which the President is anxious to have approved, and various other concessions added to the Sugar Bill, are seen as "sweeteners" to persuade the Administration to agree to a 16 cents support price.



Traders in both the tin and sugar markets were far from certain that the House and Senate conferees will be able to work out in the limited time available a compromise acceptable to the Administration.

Meanwhile, sugar prices were steady, encouraged by unconfirmed reports of further buying by China.

In the metal markets, heavy profit-taking sales hit lead and zinc in the second half of the week. Cash lead surged to an 18-month high of 433.50 a tonne on Tuesday, but by last night had fallen back to £419 after having tumbled to £412 in morning trading.

The market is extremely nervous at the higher levels and there was some panic selling yesterday following the collapse in tin and forecasts of a rise in warehouse stocks later revised to another decline.

One metal, however, which continues to move steadily higher, despite ocasional setbacks, is free market platinum. Yesterday the price climbed to a record £160.40 an ounce, £15.75 up on the week. The rise reflects further heavy buying by the Japanese and further speculative "hedging" against continued currency uncertainties.

A disappointing West German cocoa consumption figure for the 3rd quarter of 1978 sent futures prices down on the London market yesterday morning but values recovered as speculators covered earlier short sales. By the close March delivery cocoa was quoted at £1,932.5 a tonne, £3.5 higher on the day but £39 lower on the week.

West German grindings in the July/September quarter fell to 30,300 tonnes, 0.6 per cent lower than at the same time last year. The market had been expecting the figure to be unchanged to 5 per cent higher.

UK third-quarter grindings, also announced yesterday, dropped by 3.1 per cent compared with last year to 15,900 tonnes. But this was in line with trade forecasts and had little impact.

The coffee market had a relatively quiet week with the November futures position ending £28 higher at £1,585.5 a tonne. Concern over continuing dry weather in Brazil helped to maintain the firm tone.

WEEKLY PRICE CHANGES

MARKET REPORTS

BASE METALS

COPPER—Barely steady on the London Metal Exchange. Forward metal opened at £778 and moved up to £781 on forecasts of a substantial fall in warehouse stocks. However, at this point the tin market began to slide and copper fell in sympathy, falling to a day's low of £774 in the afternoon rings prior to closing at £775.5 on the late kerb, leaving values around £5 higher on the week. Turnover: 19,400 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	758.5-9	-9	757-8	-1.5
3 months	778.5-9	-9.5	777.5-8	-2
Settlem't	759	-9	.....	.....
Cathodes				
Cash	746-.5	-10.7	746.5-7	-1
3 months	765.5-6	-11.5	766-.5	-2.6
Settlem't	746.5	-11	.....	.....
U.S. Smt.	625	...	*69-71.025	...

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £759, 58.5, three months £778.5, 79, 78.5. Cathodes cash £746, three months £766.5, 65.5. Kerb: Wirebars, three months £777.5, 77, 76.5, 76. Afternoon: Wirebars, three months £777, 76, 75.5, 78, 78.5, 77, 77.5, 78, 77.5. Cathodes, cash £747. Kerb: Wirebars, three months £778, 77.5, 77, 76, 75.5. Cathodes, three months £766.

TIN—Volatile. Forward standard material opened at £7,360 and quickly slumped to £7,175 following reports that the U.S. Senate had passed a sugar bill with an attached tin amendment. However, talk that this was not the case then saw the price rally to £7,220. Values held steady in the first ring but then fell sharply as it became clear that a tin bill of sorts had been passed. The price slumped to a day's low of £7,... in the morning kerb but rallied in the afternoon trading to close at £7,... kerb following U.S. ... coupled with short covering. Turnover: 1,765 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7340-50	-585	[illegible]	[illegible]
3 months	7080-100	-327	[illegible]	[illegible]
Settlem't	7350	-390	.....	.....
Standard				
Cash	7340-50	-580	[illegible]	[illegible]
3 months	7070-80	-315	[illegible]	[illegible]
Settlem't	7350	-380	.....	.....
Straits E.	$1955	+5	.....	.....
New York	—	.....	.....	.....

ALUMINIUM—Firmer but overshadowed by tin and lead. Forward metal traded within narrow limits prior to closing on the late kerb at £600. Turnover 1,000 tonnes.

Aluminium	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£		£	
Spot	.....	.....	.....	.....
3 months	597.5-8	-5.5	600-1	-4

SILVER

Silver was fixed 3.05p an ounce lower for spot delivery in the London bullion market yesterday at 298.15p. U.S. cent equivalents of the fixing levels were: spot 592.1c, down 5.2c; three-month 604.8c, down 5.7c; six-month 615.0c, down 5.6c; and 12-month 639.4c, down 5.7c. The metal opened at 298-299p (592-595c) and closed at 298-299½p (591½-592c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	298.15p	-3.05	298.4p	-0.75
3 months	305.8p	-3.10	306.1p	+0.85
6 months	313.75p	-3.00	—	.....
12 months	330.2p	-3.05	—	.....

GRAINS

COCOA

RUBBER

COFFEE

SUGAR

COTTON

WOOL FUTURES

MEAT/VEGETABLES

INDICES

SOYABEAN MEAL

U.S. Markets

Copper slips under pressure

NEW YORK, Oct. 13.

COPPER FUTURES closed some 0.70 to ... cents down in the nearbys on estimated volume of 7,700 lots. Prices came under pressure from aggressive commission house selling. Business mostly profit-taking.

APPOINTMENTS

Main Board posts at Brooke Bond

Sir John Cuckney and Mr. R. C. Robertson have been appointed directors of BROOKE BOND LIEBIG. Sir John, who was chairman of Crown Agents from 1974 until the end of last month, is chairman of the Port of London Authority.

★

Mr. E. A. Robertson, managing director of Thompsons (Funeral Furnishers), has been appointed to the parent Board of INGALL INDUSTRIES with responsibility for the retail funeral directing.

★

The Secretary for Transport has appointed Professor K. M. Gwilliam as a part-time member of the NATIONAL BUS COMPANY until December 31, 1983. Professor Gwilliam is professor of transport economics at the University of Leeds, and a member of the Road Transport Industry Training Board.

★

Mr. H. S. Mead has been appointed financial director of LINREAD in succession to Mr. G. H. Edwards.

★

Mr. Douglas Smith has been elected to the Board of JOHN FOSTER AND SON as non-executive chairman. He is a joint managing director of Bridon.

★

Mr. Thomas F. Aspel has been appointed a director of WATERFORD GLASS.

★

Mr. S. C. Redfarn is to join the Board of HENRY ANSBACHER AND CO. on October 31 as an executive director and head of the corporate finance department.

★

The Trustees of the NATIONAL GALLERY has appointed Mr. Martin Wyld as chief restorer from January 1, 1979, in succession to Mr. Arthur Lucas, who retires from the Gallery at the end of this year.

★

The manufacturing consultants department of TI STEEL TUBE DIVISION has appointed Mr. John C. Hindmarsh (formerly chief engineer with British Aluminium) as director of engineering.

★

Mr. Derek Collinson, formerly deputy general manager of the OCEAN TRANSPORT AND TRADING group's personnel division, has been appointed group personnel director. He succeeds Mr. R. L. Hodges, who has retired.

★

Mr. Frank W. Shaw has been appointed director and general manager, steel supplies, at TI METSEC.

★

Mr. Harry Gillson, company secretary of GLANFIELD LAWRENCE, has joined the parent Board and will also become a director of all subsidiaries. Mr. D. W. Elldred, who is in charge of its Vauxhall Bedford main dealership at Wakefield, will also join the Board when Mr. Arnold Lever relinquishes his directorships later this month.

SINGAPORE STOCK EXCHANGE

Industrials

This week's SE dealings

Friday, October 13	4,940	Wednesday, October 11	4,852	Monday, October 9	4,594
Thursday, October 12	4,353	Tuesday, October 10	4,835	Friday, October 6	4,172

The list below records all yesterday's markings and also the latest markings during the week of any share not dealt in yesterday. The latter can be distinguished by the date (in parentheses).

The number of dealings marked in each section follows the name of the section. Unless otherwise denoted shares are £1 fully paid and stock £100 fully paid. Stock Exchange securities are quoted in pounds and fractions of pounds or in pence and fractions of pence.

The list below gives the prices at which bargains done by members of The Stock Exchange have been recorded in The Stock Exchange Daily Official List. Members are not obliged to mark bargains, except in special cases, and the list cannot, therefore, be regarded as a complete record of prices at which business has been done. Bargains are recorded in the Official List up to 2.15 p.m. only, but later transactions can be included in the following day's Official List. No indication is available as to whether a bargain represents a sale or purchase by members of the public. Markings are not necessarily in order of execution, and only one bargain in any one security at any one price is recorded.

‡ Bargains at Special Prices. Δ Bargains done with or between non-members. ♦ Bargains done previous day. ‡ Bargains done with members of a recognised Stock Exchange. ♣ Bargains done for delayed delivery or "no buying-in." $A—$Australian. $B—$Bahamian. $C—$Canadian. $HK—$Hong Kong. $J—$Jamaican. $Ma—$Malayan. $Me—$Mexican. $NZ—$New Zealand. $S—$Singapore. $US—$United States. $WI—$West Indian.

LOCAL AUTHORITY BONDS

Authority (telephone number in parentheses)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Barnsley Metro. (0226 203232)	11¼	½-year	250	5-7
Bradford (0274 29577)	11½	½-year	500	5-7
Chorley (02572 5611)	11¼	½-year	1,000	5-7
Knowsley (051 548 6555)	11½	½-year	1,000	6-10
Manchester (061 236 3377)	10	½-year	500	2
Poole (02013 5151)	10¾	½-year	500	5
Poole (02013 5151)	11¼	½-year	500	6-7
Redbridge (01-478 3020)	11¼	½-year	200	6-7
Salisbury (0722 24265)	11¼	½-year	100	5-7
Southend (0702 49451)	10¾	½-year	250	3
Thurrock (0375 5122)	11	½-year	300	4
Thurrock (0375 5122)	10¾	½-year	300	3
Wrekin (0952 505051)	11½	yearly	1,000	3-6

BUILDING SOCIETY RATES

	Deposit Rate	Share Accnts.	Sub'pn Shares	*Term Shares
Abbey National	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.20% 2 yrs.
Aid to Thrift	7.00%	7.50%	—	—
Alliance	6.45%	6.70%	7.95%	7.70% 3-4 yrs., 7.20% 2 yrs., 6.95% 1 yr.
Anglia Hastings & Thanet	6.45%	6.70%	7.95%	7.70% 3-4 yrs., 7.20% 2 yrs., 6.95% 1 yr.
Bradford and Bingley	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.20% 2 yrs., min. £500
Bridgwater	6.45%	6.70%	8.50%	7.90% 2½ yrs., 7.45% 2 yrs.
Bristol and West	6.45%	6.70%	7.95%	—
Bristol Economic	6.45%	6.70%	7.95%	6.95% 3 months' notice
Britannia	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.20% 2 yrs., min. £500
Burnley	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.20% 2 yrs.
Cardiff	6.45%	7.25%	8.25%	—
Catholic	6.00%	●6.80%	7.50%	— ● 7% over £5,000
Chelsea	6.45%	6.70%	7.95%	7.45% min. £500 6 months' notice
Cheltenham & Gloucester	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.20% 2 yrs. (£500-£15,000)
Citizens Regency	6.45%	7.05%	8.25%	8.30% 3 yrs., 7.55% 1 yr., min. £5,000
City of London	6.70%	7.00%	7.95%	8.04% 3 yrs., increment share—min. £500
Coventry Economic	6.45%	6.70%	7.95%	7.70% 3 yrs. min., 7.20% 3 mths.' notice
Coventry Provident	6.45%	6.70%	8.70%	7.95% 3 yrs., 6.95% 2 yrs.
Derbyshire	6.45%	6.70%	7.20%	— up to 7.20% 3 months' notice
Gateway	6.45%	6.70%	7.95%	7.70% 3yrs., 7.20% 2yrs., min.£500-£15,000
Guardian	6.45%	6.95%	7.20%	7.65% 3 months' notice, £1,000 min.
Halifax	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.20% 2 yrs.
Heart of England	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.20% 3 months' notice
Hearts of Oak & Enfield	6.45%	6.95%	8.45%	8.20% 4 yrs., 7.95% 3 yrs., 7.70% 2 yrs.
Hendon	6.70%	7.20%	—	7.70% 6 months
Huddersfield & Bradford	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.20% 2 yrs.
Leamington Spa	6.55%	6.80%	9.26%	7.55% 2 yrs., 8.00% 1 yr.
Leeds Permanent	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.20% 2 yrs., min. £1,000
Leicester	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.20% 2 yrs., 6.95% 3 mths.
Liverpool	6.45%	6.70%	8.15%	7.80% 3 yrs., 7.30% 2 yrs., min. £1,000
London Goldhawk	6.45%	6.95%	8.20%	7.95% 3yrs., 7.70 2yrs., 7.45 1yr.min.£1,000
Melton Mowbray	6.55%	6.80%	7.95%	7.55% 2 yrs., min. £2,000
Midshires	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.20% 2 yrs., min. £250
Mornington	7.25%	7.50%	—	—
National Counties	6.70%	7.00%	8.00%	7.45% 3 months, min. £1,000
Nationwide	6.45%	6.70%	7.95%	7.70% 3-4 yrs., 7.20% 2 yrs., min. £500
Newcastle Permanent	6.45%	6.70%	8.00%	8.00% 3 yrs., 7.70% 2 yrs.
New Cross	7.25%	7.50%	—	—
Northern Rock	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.20% 2 yrs., min. £100
Norwich	6.45%	6.70%	8.20%	7.70% 3 yrs., 7.45% 2 yrs., min. £500
Paisley	6.45%	6.70%	7.20%	7.70% 3 yrs., 7.20% 2 yrs., min. £500
Peckham Mutual	6.75%	7.25%	—	—
Portman	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.45% ½-yrly., 6.95% 3 mths.
Principality Buildg. Society	6.45%	6.70%	7.95%	7.70% 3-4 yrs., 7.20% 2 yrs., min. £500
Progressive	6.70%	6.95%	7.95%	7.95% 3yrs., 7.70% 2yrs., 7.45% 3mths.not.
Property Owners	6.45%	7.20%	8.45%	7.65% 3 mths. not., 5.70% to limited cos.
Provincial	6.45%	6.70%	7.95%	7.70% 3-4 yrs., 7.20% 2 yrs.
Skipton	6.45%	6.70%	7.95%	7.70% 3yrs., 7.20% 2yrs., 6.95% 3mths.not.
Sussex Mutual	6.45%	7.00%	8.75%	8.05% 3 yrs., 7.75% 2 yrs., 7.30% 1 yr.
Town and Country	6.45%	6.70%	♣10.00%	7.70% 3 yrs., 7.20% 2 yrs. ♣ Max. £250
Woolwich	6.45%	6.70%	7.95%	7.20% 2 yrs., 7.70% 3 yrs.

*Rates normally variable in line with changes in ordinary share rates.

RULE 163 (1) (e)

Bargains marked in securities which are quoted or listed on an overseas Stock Exchange.

OCTOBER 13

OCTOBER 12

OCTOBER 11

OCTOBER 10

OCTOBER 9

OCTOBER 10

Barymin 560

RULE 163 (2) (a)

Applications granted for specific bargains in securities not listed on any Stock Exchange.

OCTOBER 13

OCTOBER 12

OCTOBER 11

Ann Street Brewery 490
Cambridge Instrument 1¼
Cedar 16
Dollar Land Hldgs. 45
Eastbourne Water 3.5pcPf 125
Eldridge Pope A 222

OCTOBER 10

OCTOBER 9

RULE 163 (3)

Bargains marked for approved companies engaged solely in mineral exploration.

OCTOBER 12

OCTOBER 11

OCTOBER 10

OCTOBER 9

OCTOBER 6

By permission of the Stock Exchange Council

SPECIAL LIST

Business done in securities quoted in the Monthly Supplement.

OCTOBER 13 (Nil)

OCTOBER 12 (Nil)

OCTOBER 11

OCTOBER 10 (Nil)

OCTOBER 9 (Nil)

Currency, Money and Gold Markets

UK MONEY MARKET

Increase in bill rate

Bank of England Minimum Lending Rate 10 per cent (since June, 1978)

The Treasury bill rate rose by 0.5042 per cent to 9.8503 per cent at yesterday's tender and the minimum accepted bid was £97.51 against £97.67 the previous week. Bids at that level were met as to about 83 per cent compared with 82 per cent. The £300m bills attracted bids of £561.02m and all bills offered were allotted. Next week a further £300m will be on offer replacing a similar amount of maturities.

The general rise in interest rates has been seen as inevitable by even the most optimistic, although the current level of uncertainty in the discount market is not only proving uncomfortable but may well prompt some measure of guidance by the authorities.

There was a slight shortage of day-to-day credit and the authorities gave assistance, possibly a little overdone, by buying a small amount of Treasury bills and a similar number of corporation bills, all direct from the discount houses. Total assistance was still termed as small and houses were paying between 7 per cent and 7½ per cent for secured call loans towards the close after opening rates of around 8¼ per cent. The market was faced with a small net take up of Treasury bills to finance and the usual Friday increase in the note circulation.

In the interbank market, weekend loans opened at 8¾-8⅞ per cent and eased to 8-8½ per cent before sliding to 6-6½ per cent in early afternoon. However late demand pushed up the rate to 8-8½ per cent.

Rates in the table below are nominal in some cases.

EXCHANGES AND BULLION

The U.S. dollar fell in late trading after a fairly steady start in yesterday's foreign exchange market. Trading was rather mixed with sterling at its higher levels in the morning before falling on the trade figures during the afternoon. However, the dollar's weakness helped the pound to recover slightly in late afternoon together with a little genuine buying demand. The Bank of England did not appear to have intervened but on an overall basis sterling was weaker, which was reflected in its trade weighted index falling to 62.1 from 62.4 on Thursday. The pound opened at $1.9855-$1.9865 and touched $1.9920 during the morning before falling on the trade figures to $1.9765. A little demand pushed up the rate to $1.9825 and the dollar's late weakness lifted it further to $1.9860-1.9870 at the close, a rise of just 15 points. Concern continued to mount over the deterioration of pay negotiations at Ford.

The West German mark continued to improve and touched DM 1.8560 against the dollar before closing at DM 1.8600 compared with DM 1.8737½. In Frankfurt the Bundesbank was again active at the fixing and gave support to a number of the weaker members of the European snake as well as the dollar. The Swiss franc was also firmer at SwFr 1.5265 against Thursday's close of SwFr 1.5420. Using Morgan Guaranty figures at noon in New York, the dollar's trade weighted average depreciation widened to 10.2 per cent from 10.1 per cent.

Trading in gold was generally quite active although the metal closed unchanged at $224½-225½.

THE POUND SPOT

Oct. 13	Bank rate %	Day's Spread	Close
U.S. $	8	1.9765-1.9920	1.9860-1.9870
Canadian $	8½	2.3465-2.3665	2.3625-2.3660
Guilder	5½	4.01-4.06	4.01½-4.02½
Belgium F	6	58.25-58.75	58.50-58.40
Danish K	8	10.25½-10.34½	10.26½-10.27½
D-Mark	3	3.68½-3.73½	3.69-3.70
Port. Esc.	13	[illegible]	[illegible]
Span. Pes.	8	139.40-139.85	139.45-139.65
Lira	10½	1,616-1,621	1,617-1,618
Nrwgn. K.	7	[illegible]	[illegible]
French Fr.	9½	8.42-8.48	[illegible]
Swedish Kr	6½	[illegible]	[illegible]
Yen	3½	368-375	370-372
Austria Sch	4½	26.85-27.10	26.85-26.95
Swiss Fr.	1	3.02½-3.07	3.02½-3.03½

Belgian rate is for convertible francs. Financial franc 62.60-62.70.

OTHER MARKETS

Oct. 13	£	$		£ Note Rates
Argentina Peso	1,745-1,749	878.43-880.4	Austria	26.5-27.5
Australia Dollar	1.6995-1.7065	0.8555-[illegible]90	Belgium	[illegible]
Finland Markka	7.840-7.855	3.9670-3.9690	Denmark	10.25-10.35
Brazil Cruzeiro	37.61-38.61	18.[illegible]-19.44	France	8.40-8.50
Greek Drachma	70.930-72.667	35.70-36.58	Germany	3.65-3.75
Hong Kong Dollar	9.3575-9.3800	4.726-4.7[illegible]1	Italy	1600-1650
Iran Rial	137-145	70.40-70.65	Japan	371-381
Kuwait Dinar (KD)	0.532-0.542	0.27[illegible]	Netherlands	4.00-4.10
Luxembourg Franc	58.30-58.40	29.36-29.38	Norway	9.80-9.90
Malaysia Dollar	4.38-4.41	2.221-2.224	Portugal	88-104
New Zealand Dollar	1.8540-1.8610	0.9333-0.9358	Spain	141-146
Saudi Arabia Riyal	6.[illegible]-6.61	3.3175-3.3210	Switzerland	3.00-3.10
Singapore Dollar	4.32-4.34	2.19-2.191	United States	1.97½-1.98½
South African Rand	1.7131-1.7391	0.8624-0.8755	Yugoslavia	41-43

Rate given for Argentina is free rate

GOLD

	Oct. 13	Oct. 12
Gold Bullion (a fine ounce)		
Close	$224½-225½	$224½-225½
Opening	[illegible]	$225½-227½
Morning fixing	[illegible]	$227.20 (£115.668)
Afternoon fixing	[illegible] (£115.201)	$225.55 (£113.466)
Gold Coins domestically		
Krugerrand	$231-235	$232½-234½
New Sovereigns	[illegible]	[illegible]
Old Sovereigns	[illegible]	[illegible]
Gold Coins internationally		
Krugerrand	$231-[illegible]	$231-235
New Sovereigns	[illegible]	[illegible]
Old Sovereigns	[illegible]	[illegible]
$20 Eagles	$307-309	$309-311
$10 Eagles	$152-164	$160-165
$5 Eagles	$108-115	$110-115

LONDON MONEY RATES

Oct. 13 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	6-8½	—	—	—	8¾-9¼	7-8½	—	—	—
2 days notice	—		8⅞-9	—	—		—	—	—	—
7 days or	—			—		9⅜		—	—	—
7 days notice	—	8½-9	9-9⅛	—	10¼		8¼-8½	—	—	—
One month	9½-9⅞	9⅝-10	9¼-9⅝	9⅞-10¼	10½	9⅝-9¾	8¾-9	9⅜-9½	9⅞-9½	10½
Two months	10⅛-10⅛	9¾-10¼		10-10⅜	10½		9½	9⅞-9½	10-10⅛	10¾
Three months	10⅟₁₆-10⅜	10¼-10½	10	10⅜-10½	11½	10½	9⅝-9¾	9⅞-10	10¼-10⅜	10¾
Six months	10⅞-10⅜	10⅞-11⅛	10¼-10⅝	10⅜-10⅝	11½	—	—	—	10⅞-11	11
Nine months	10⅞-10¾	10⅞-11⅛		10¾-11⅛	—	—	—	—	—	—
One year	10⅞-10⅞	10⅟₁₆-11⅛	10½-10⅝	10¾-11⅛	—	—	—	—	—	—
Two years			11⅛-11⅝		—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. * Longer term local authority mortgage rates nominally three years 11½-12 per cent, four years 12-12½ per cent, five years 12½-12¾ per cent. ⊕ Bank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bills 10⅛ per cent; four-month trade bills 10⅞ per cent.

Approximate selling rates for one-month Treasury bills 9⁹⁄₁₆ per cent; and two-month 9¹¹⁄₁₆ per cent; three month 9⅞-9¹⁵⁄₁₆ per cent. Approximate selling rate for one-month bank bills 9⅞-9⁹⁄₁₆ per cent; two-month 9⅞-9⅞ per cent; and three-month 10⅛ per cent. One-month trade bills 10⅛ per cent; two-month 10⅜ per cent; and also three month 10⅞ per cent.

Finance House Base Rates (published by the Finance House Association) 9½ per cent from October 1 1978. **Clearing Bank Deposit Rates** (for small sums at seven days' notice) 6-7 per cent. **Clearing Bank Base Rates for lending** 10 per cent. **Treasury Bills:** Average tender rates of discount 9.8503 per cent.

CURRENCY MOVEMENTS

October 13	Bank of England Index	Morgan Guaranty changes %
Sterling	62.09	−41.9
U.S. dollar	82.42	−10.2
Canadian dollar	78.83	−18.4
Austrian schilling	145.38	+18.9
Belgian franc	113.68	+14.8
Danish krone	117.12	+6.1
Deutsche Mark	147.87	+48.1
Swiss franc	211.36	+99.1
Guilder	122.83	+19.3
French franc	98.78	−6.4
Lira	55.46	−47.9
Yen	154.75	+52.7

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

EURO-CURRENCY INTEREST RATES*

Oct. 13	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	9-9½	8¾-9	8¼-9¼	16-18	par-⅛	3-3⅛	7-7½	9½-13½		4⅛-6⅛
7 day's notice	11-11½	[illegible]-9⅛	8¼-[illegible]	16-18	[illegible]	3⅛-[illegible]	7⅝-7⅝	14½-16½	8-[illegible]	[illegible]
Month	12¼-12¾	9¾-10	9⅛-9½	16-16½	[illegible]	3¼-3⅜	8⅞-9⅛	15½-[illegible]	8¾-8⅞	3-3⅜
Three months	13⅛-13⅝	[illegible]-10	[illegible]	13⅝-13⅝	⅛-¼	3[illegible]	[illegible]	15-16	[illegible]-9⅞	[illegible]
Six months	12⅝-12⅞	10-10¼	[illegible]	10½-11	⅜-½	3⅝-3⅝	9⅞-10⅛	14½-15½	10⅟₁₆-1[illegible]	3⅝-3¾
One year	13¼-13¾	10-10¼	[illegible]	9½-9¾	⅝-¾	3⅟₁₆-3⅟₁₆	10¼-10½	14-16	10⅟₁₆-10⅟₁₆	3⅟₁₆-[illegible]

The following nominal rates were quoted for London dollar certificates of deposit: one month 9.15-9.25 per cent; three months 9.55-9.65 per cent; six months 9.85-9.95 per cent; one year 9.85-9.95 per cent.

Long-term Eurodollar deposits: Two years 9⅞-9⅞ per cent; three years 9⁹⁄₁₆-9¹¹⁄₁₆ per cent; four years 9⁹⁄₁₆-9¹¹⁄₁₆ per cent; five years 9⁹⁄₁₆-9¹¹⁄₁₆ per cent nominal closing rates. Short term rates are call for sterling, U.S. dollars and Canadian dollars, two-day call for guilders and Swiss francs. Asian rates for closing rates in Singapore.

U.K. CONVERTIBLE STOCKS 13/10/78

Statistics provided by *data STREAM International*

Name and description	Size (£m.)	Current price	Terms*	Conversion dates	Flat yield	Red. yield	Premium† Current	Premium† Range‡	Income Equ.§	Income Conv.¶	Income Diff.◊	Cheap(+) Dear(−)◊ Current
Associated Paper 9½pc Cv. 85-90	1.40	118.00	200.0	76-79	8.2	6.6	− 3.6	−10 to 2	5.2	4.6	− 0.4	+ 5.2
Bank of Ireland 10pc Cv. 91-96	1.20	195.00	47.6	77-79	5.1	1.6	− 5.2	− 7 to 3	11.0	4.7	− 3.1	+ 2.2
British Land 12pc Cv. 2002	7.71	173.00	333.3	80-97	6.9	6.1	12.8	1 to 21	0.0	89.8	58.6	+45.7
English Property 6½pc Cv. 98-03	8.07	84.00	234.0	76-79	7.7	8.0	− 5.5	−10 to −4	7.7	0.0	− 8.7	− 3.1
English Property 12pc Cv. 00-05	15.31	84.00	150.0	76-84	14.2	14.3	47.4	−200 to 49	28.3	44.3	28.0	−19.3
Hanson Trust 6½pc Cv. 88-93	4.51	81.00	57.1	76-80	8.1	8.9	5.0	− 1 to 12	8.4	6.0	− 3.1	− 8.1
Hewden-Stuart 7pc Cv. 1995	0.04	380.00	564.5	75-79	1.8		−10.2	−30 to 1	9.3	3.4	− 1.4	+ 8.8
Slough Estates 10pc Cv. 87-90	5.50	168.00	125.0	78-88	6.1	1.8	11.1	5 to 16	29.1	50.7	14.3	+ 3.2
Tozer, Kemsley 8pc Cv. 1981	0.78	93.00	133.9	74-79	8.6	10.6	6.0	1 to 12	7.3	3.8	− 4.1	−10.1
Ultramar 7pc Net R.Cv.Pfd.	15.12	1.40	0.5	76-88	7.8	5.4	14.2	− 1 to 19	0.0	60.4	49.3	+35.1
Wilkinson Match 10pc Cv. 83-98	11.10	93.00	40.0	76-83	11.1	11.2	27.0	24 to 38	29.0	38.3	12.7	−14.3

* Number of ordinary shares into which £100 nominal of convertible stock is convertible. † The extra cost of investment in convertible expressed as per cent of the cost of the equity in the convertible stock. ‡ Three-month range. § Income on number of ordinary shares into which £100 nominal of convertible stock is convertible. This income, expressed in pence, is summed from present time until income on ordinary shares is greater than income on £100 nominal of convertible or the final conversion date whichever is earlier. Income is assumed to grow at 10 per cent per annum and is present valued at 12 per cent per annum. ¶ Income on £100 of convertible. Income is summed until conversion and present valued at 12 per cent per annum. ◊ This is income of the convertible less income of the underlying equity expressed as per cent of the value of the underlying equity. ◊ The difference between the premium and income difference expressed as per cent of the value of underlying equity. + is an indication of relative cheapness. − is an indication of relative dearness.

STOCK EXCHANGE REPORT

Gloomy as pressure on official pay policy increases

30-share index falls 9.6 to 496.2—Long Gilts lose £1

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Oct. 2	Oct. 12	Oct. 13	Oct. 24
Oct. 16	Oct. 26	Oct. 27	Nov. 7
Oct. 30	Nov. 9	Nov. 10	Nov. 21

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Superstitions about Friday the *thirteenth* were justified in stock markets yesterday. The day started badly with both the miners and engineers exerting more pressure on the Government's pay policy and worsened following rejection of the wage offers made by Ford and BOC.

Closing, or cutting, of Account positions added to the gloom in equity markets, while Gilt-edged securities had their own problems in the shape of a marked rise in this week's treasury bill rate with its implications regarding interest rates in general. The longer maturities were particularly sensitive and sustained losses extending to a full point.

The continuation of a rate of inflation below 8 per cent failed to restore confidence, but the last of yesterday's batch of economic indicators, the September trade returns, brought no fresh deterioration in the after-hours' trading, the deficit being much in line with last-minute revisions.

Reflecting dealers' views about the general news background, leading industrials opened lower and at the first calculation of the day the FT 30-share index was 7.2 lower. Thereafter, the fall was relatively slow and this measurement of the market trend was finally 9.6 down at 496.2.

Secondary issues also reacted over a broad front as illustrated by the near 13-to-one majority of falls over rises in all FT-quoted industrials.

A downturn in British Funds gathered pace on initial indications of the higher rate on this week's Treasury bill offering, which triggered fresh concern about interest rate levels. As selling increased, dealers were quick to take defensive action and the result was that by the end of the day the longs were showing falls to a point. Conditions were also sensitive among the shorts, but the losses here were restricted to ½.

Despite early weakness in sterling, the investment currency premium drifted lower from the outset during the course of a good two-way institutional business and ended the day 1¼ lower at 80¼ per cent. Yesterday's S.E. conversion factor was 0.7293 (0.7195).

Marks and Spencer attracted support in the Traded Option market ahead of next Tuesday's interim results and accounted for 130 contracts out of the total 646.

Insurances repeated the previous day's quietly dull trend. Royals declined 7 to 348p and Sun Alliance cheapened 6 to 540p, after 536p. **Hambro Life** lost 5 to 395p as did **Legal and General**, to 140p, and **Prudential**, to 141p. Casualties among brokers included **C. E. Heath** which gave up 6 to 260p and **Sedgwick Forbes**, 8 down at 405p.

Home banks held up well and closed near the overnight levels. Irish issues moved higher in thin trading, **Allied Irish** closing 4 to the good at 218p and **Bank of Ireland** 2 dearer at 437p: the latter's 10 per cent convertible gained 4 points to £197. Mirroring the trend in gilt-edged securities, Discounts turned lower. **Seccombe Marshall and Campion** gave up 10 to 210p and Union reacted 7 to 308p.

Breweries had a drab appearance following a slow trade. Elsewhere, Geo. G. Sandeman improved 4 to 66p, after 68p, on the profits forecast which accompanied the interim figures. Distillers, however, declined 6 to 199p with the other equity leaders.

Unsettled by recent poor trading statements, Contracting and Construction issues gave further ground with **Taylor Woodrow** 14 down at 406p and **Richard Costain** 10 lower at 236p. Acquisition news failed to stimulate Norwest Holst which eased 2 to 92p, while Y. J. Lovell gave back nearly all of the previous day's rise of 7 that followed news that the purchase of the Farrow Group was nearing completion. Brown and **Jackson**, firm of late awaiting *Wednesday's interim report*, gave up 2 at 260p, but still held a gain on the week of 14. Elsewhere, Tunnel B drifted 6 lower to 298p and Magnet and Southerns cheapened 4 at 148p, but occasional buying interest helped **Marshalls (Halifax)** improve 4 to 138p.

In line with the trend ICI closed down at 390p. Leigh Interests gave up 5 more to a low for the year of 130p, but fresh appraisals of the excellent interim results enabled Wolstenholme Bronze to add 3 for a gain of 20 on the week to a 1978 peak of 285p.

Stores lower

Leading Stores took a distinct turn for the worse on the last day of the account as prices drifted lower on small selling and lack of support. **Gussies** "A," 312p, and **Mothercare**, 170p, fell 10 and 6 respectively, while **Combined** English also declined 6 to 122p and **Burton** "A" 4 to 169p. UDS gave up 3 to 97p and **Debenhams**, following comment on the interim results, closed a penny off at 94p, after 93p. Ahead of their half-yearly statements next Tuesday and Wednesday respectively, **Marks and Spencer** softened a penny to 82p and **British Home** receded 4 to 209p. Elsewhere, profit-taking following the interim results prompted a fall of 12 to 170p in **Foster Bros.** and **Moss Bros.** lost 8 to 120p following further consideration of the first-half figures.

Electricals contributed their share of dull spots. GEC featured with a fall of 12 at 324p, while **Thorn Electrical**, 372p, and **Electrocomponents**, 305p, lost 10 apiece. Following recent strength on rationalisation hopes, **Plessey** eased 4 to 120p and **Racal Electronics** 6 *to 330p*. **Farnell Electronics**, which reported interim figures on Tuesday, eased to 395p on profit-taking before closing 10 easier on balance at 402p.

Light selling on an unwilling market left its mark on the Engineering majors, particularly **John Brown**, which fell away to close 14 down at the day's lowest of 450p. **Vickers** gave up 5 to 185p and falls of 6 were recorded in **GKN**, 266p, **Hawker Siddeley**, 238p, and **Tubes**, 376p. Elsewhere, **Amalgamated Power** fell 6 to 144p despite favourable Press comment on the recent interim results. **British Aluminium**, a rising market of late, came back 10 to 840p, but **Ash and Lacey** responded to the increased half-yearly profits with a rise of 4 to 146p. News of the £1½m funding through the European Coal and Steel Community to finance its expansion plans continued to stimulate buying interest in **Victor Products**, up 8 further at 272p. **600 Group** also encountered support and put on 3½ to 106p: the half-yearly results are due to be announced on November 30.

Tesco, a firm market of late on bid hopes, eased 1½ to 55p on light profit-taking. Other Foods also went a shade lower on small selling and lack of support.

Trust Houses Forte slipped 5 to 235p in Hotels and Caterers where falls of around 3 were seen in **Grand Metropolitan**, 109½p, and **Ladbroke**, 191p. **Adda International**, at 54p, gave up a penny of Thursday's gain of 2½ which followed the interim figures and scrip issue proposal.

Redfearn Glass down

Widespread falls occurred in miscellaneous Industrial leaders on the last day of the Account. Still overshadowed by the disappointing preliminary figures, Glaxo ran back 11 to 570p for a relapse on the week of 57. **Rank Organisation** shed 10 to 256p and **Boots** gave up 8 to 198p as did **Unilever**, to 550p, while **Reckitt and Colman** receded 7 to 498p. **Reed International**, at 178p, held the previous day's rise of 8 following confirmation that the group has sold its entire interest in Reed Consolidated Industries for £30.5m. Secondary issues were featured by a fall of 29 to 287p in **Redfearn National Glass** following the chairman's profits warning: **Rockware** were marked 5 easier to 138p in sympathy. Cautious comment prompted end-Account profit-taking in ICL which closed 12 lower at 473p, while small offerings ahead of next Thursday's interim results left **Dunbee-Combex-Marx** 10 down at 124p. Further profit-taking in **Hunting Associated** brought about a fresh fall of 22 to 328p for a two-day reaction of 48. **BTR** lost 8 to 346p despite Australian acquisition details. **Bridon** also gave up 6, to 10p, but **Mentmore Manufacturing** hardened a shade to 17p in *response to the higher interim* profits. Renewed investment demand helped **Ricardo** add 10 more to 337p for a rise on the week of 43. **Turner Curzon**, 12p, were suspended at the company's request pending further news of a bid approach.

Underlying sentiment in the Motor sector was not helped by news that the latest Ford pay offer had been rejected. Among Components, **Dowty**, 263p, and **Lucas**, 311p, both fell 5, while in Garages and Distributors, Ford dealers, **H. Perry**, were noteworthy for a reaction of 6 to 115p.

Newspapers mostly drifted lower on lack of interest, but **BPM "A"** hardened a fraction more to 68p, a rise of 12 since the announcement of annual profits substantially above earlier estimates. *In Paper/Printings*, **London and Provincial Poster** gave back 10 of the previous day's rise of 15 which reflected the interim report. **More O'Ferrall** put on 5 at 85p: the interim results are due on October 25.

In Properties, **Imry** featured with a jump of 32 to 387p following sharply higher profits. **City Offices** gained 4 to 68p reflecting the purchase by British Land of about 26 per cent of the company's shares from British and Commonwealth Shipping.

Oil leaders drifted lower on *persistent small selling which found the market almost void of support*.

After the recent good advance on the agreement with West Rand Consolidated, **Gold Fields Properties** lost 7 for a two-day loss of 12 to 73p, still up 10 on the week. Other South Africans to lose ground included **Primrose**, 5 cheaper at 55p.

Poor week for Golds

South African Gold shares ended a generally poor week on a low note despite the overall firmness of the bullion price, which although unchanged yesterday at $224.875 per ounce showed a $1.50 gain on the week.

The Gold Mines index fell 6.7 more to 160.4, its third consecutive decline and a week's loss of *12.1*.

Share prices were marked down sharply at the outset reflecting some heavy overnight U.S. selling. Thereafter, they tended to drift on modest London and Cape selling with prices additionally weakened by the further fall in the investment currency premium.

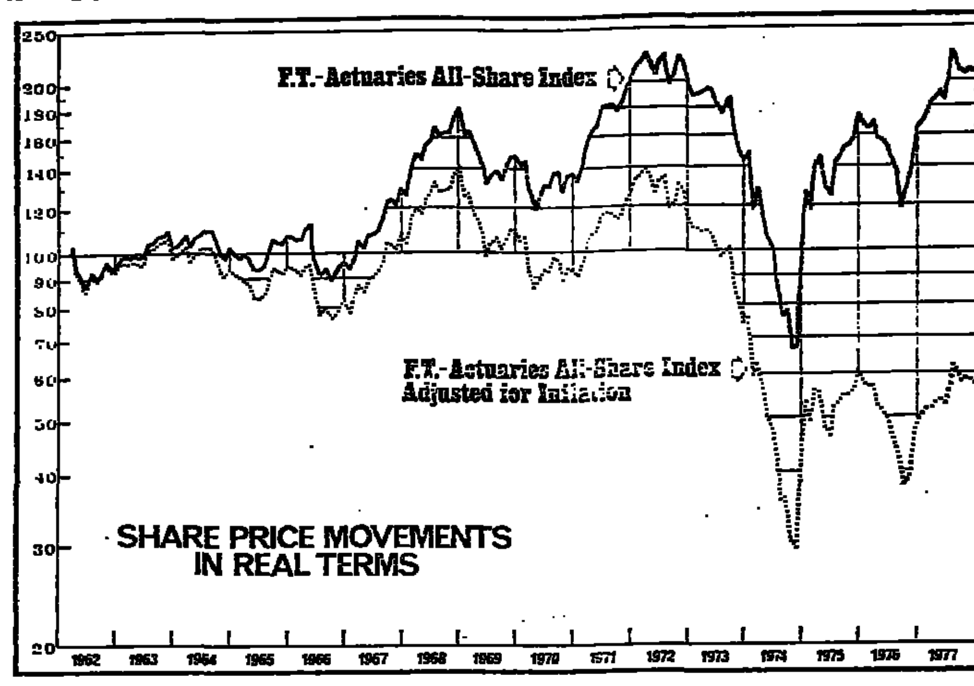
Among heavyweights losses were widespread and often substantial with **Randfontein** £[illegible] cheaper at £32½, **Free State Geduld** ½ lower at £17¼ and **Hartebeest** ½ down at £12½.

West Rand Consolidated eased 4 to 142p but remained 28 higher over the week following the purchase of the mining titles of the Luipardsvlei and Witpoortje farms from Gold Fields Properties.

Platinums fell away following further profit-taking despite the recent buoyancy of the free market metal price. **Rustenburg** gave up 3 to 108p, leaving the shares fractionally harder on the week, while **Bishopsgate** eased a penny to 105p.

Among London registered Financials **Rio Tinto-Zinc** and **Charter Consolidated** both tended to lose ground following the latest progress report from the Ashton diamond venture in Western Australia. **RTZ** gave 2 to 258p and **Charter** 3 to 154p.

Australians were mixed. **Conzinc Riotinto**—the major participant in the Ashton venture—added 2 to 306p but **Northern Mining** fell [illegible] to 120p.



FINANCIAL TIMES STOCK INDICES

	Oct. 13	Oct. 12	Oct. 11	Oct. 10	Oct. 9	Oct. 6	A year ago
Government Secs.	69.06	69.55	69.53	69.87	69.87	69.89	76.75
Fixed Interest	71.42	71.71	71.74	71.87	71.88	71.83	78.62
Industrial	496.2	505.8	504.2	509.3	510.2	505.0	500.0
Gold Mines	160.4	167.1	168.4	168.8	167.1	172.6	161.4
Ord. Div. Yield	5.42	5.33	5.35	5.29	5.28	5.34	5.39
Earnings Yld % (full)*	15.04	14.79	14.83	14.69	14.68	14.80	16.97
P/E Ratio (net) (*)	8.60	8.95	8.92	9.01	9.03	8.94	8.51
Dealings marked	4,940	4,353	4,852	4,835	4,694	5,172	5,356
Equity turnover £m	—	75.86	65.51	77.51	59.59	71.87	90.30
Equity bargains total	—	14,133	15,312	15,530	15,667	12,168	16,349

10 am 495.6. 11 am 497.7. Noon 497.5. 1 pm [illegible]. 2 pm 496.6. 3 pm 496.1.

Latest Index 01-246 8026.

* Based on 52 per cent corporation tax. † Nil=5.36.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (5/1)	68.79 (5/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	70.73 (6/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	535.5 (14/9)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.8 (14/8)	130.3 (5/1)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Oct. 13	Oct. 12
—Daily		
Gilt-Edged	165.4	142.1
Industries	172.3	150.0
Speculative	38.1	51.2
Totals	112.4	99.1
5-day Average		
Gilt-Edged	166.7	162.7
Industries	160.6	155.2
Speculative	43.4	42.5
Totals	107.3	103.8

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Oct. 10	Oct. 23	Jan. 11	Jan. 23
Oct. 24	Nov. 6	Jan. 25	Feb. 6
Nov. 7	Nov. 20	Feb. 8	Feb. 20

For rate indications see end of Share Information Service

Stocks favoured for the call were **English Property, Consolidated Gold Fields, ICI, Fitch Lovell, London and Northern, UDT, HAT Group, Erskine House, Town and City Properties, Geo Wimpey, Mills and Allen, S Piran, Barrow Hepburn, Trafalgar House, Dawson International and Associated Fisheries.** Puts were down in **Brown and Jackson** and **Brentnall Beard**, while doubles were arranged in **English Property, British Land, Mersey Dock** and **Consolidated Gold Fields**.

LONDON TRADED OPTIONS

Option	Exercise price	Closing offer	Vol.	Closing offer	Vol.	Apr. Closing offer	Vol.	Equity close
BP	750	170	—	187	6	—	—	915p
BP	8[illegible]	120	—	145	—	169	—	..
BP	8[illegible]	70	—	107	—	129	—	..
BP	900	24	5	65	5	94	—	..
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	260	1½	—	11½	25	3½	—	..
[illegible]	140	19	—	21	2	27	—	154p
EMI	160	7	—	12	10	18	—	..
EMI	180	1½	—	5	23	12	—	..
Imperial Gp.	80	4½	10	8	5	8½	—	82p
Imperial Grp.	[illegible]		—	3½	—	4	—	..
RTZ	220	40	—	51	—	62	—	258p
RTZ	24[illegible]	26	2	35	—	45	8	..
RTZ	260	11	15	23	—	32	—	..
RTZ	280	4	—	15	4	19	—	..
[illegible]			34		95		25	

RISES AND FALLS

	Yesterday Up	Yesterday Down	Yesterday Same	On the week Up	On the week Down	On the week Same
British Funds	—	32	44	8	144	228
Corporations, Dom. and Foreign Bonds	1	25	36	16	52	242
Industrials	51	647	852	1,451	1,616	4,589
Financial and Prop	20	254	240	492	558	1,520
Oils	—	18	18	33	48	99
Plantations	5	7	19	28	33	94
Mines	13	73	54	156	239	305
Recent Issues	6	23	17	60	48	126
Totals	96	1,079	1,260	2,244	2,738	7,203

ACTIVE STOCKS

YESTERDAY—

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
BATs Defd.	25p	13	257	− 6	304	227
BP	£1	11	916	− 6	926	720
Beecham	25p	10	690	− 1	743	583
GEC	25p	9	324	−12	340	233
ICI	£1	9	390	− 3	421	328
Barclays Bank	£1	8	340	− 2	368	296
Boots	25p	8	198	− 8	237	184
Reed Intl.	£1	8	178	—	178	102
RTZ	25p	8	258	− 2	263	164
Royal Insurance	25p	8	348	− 7	425	348
Distillers	50p	7	199	− 6	215	163
GKN	£1	7	266	− 6	298	248
Marks & Spencer	25p	7	82	− 1	94	67½
Shell Transport	25p	7	576	− 4	602	484
Woolworth (F.W.)	25p	7	71½	+ ½	73	61

The above list of active stocks is based on the number of bargains recorded yesterday in the Official List and under Rule 163(1) (e) and reproduced today in Stock Exchange dealings.

ON THE WEEK—

Stock	Denomination	No. of marks	Closing price (p)	Change on week	1978 high	1978 low
BP	£1	65	916	+18	926	720
Shell Transport	25p	61	576	+ 4	602	484
BATs Defd.	25p	56	257	− 3	304	227
ICI	£1	54	390	− 6	421	328
Glaxo	50p	50	570	−57	648	515
GEC	25p	47	324	− 6	340	233
Reed Intl.	£1	44	178	+16	178	102
Beecham	25p	42	690	−10	743	583
Barclays Bank	£1	39	340	+10	368	296
EMI	50p	39	154	− 6	190	130
Marks & Spencer	25p	39	82	− 1	94	67½
GUS A	25p	38	312	−10	340	256
De Beers Defd.	R0.05	36	402	−19	488	285
Cons. Gold Fields	25p	35	166	+ 1	204	163
GKN	£1	35	266	− 2	298	248

BASE LENDING RATES

A.B.N. Bank	10 %	■ Hill Samuel	§10 %
Allied Irish Banks Ltd.	10 %	C. Hoare & Co.	†10 %
American Express Bk.	10 %	Julian S. Hodge	11 %
Amro Bank	10 %	Hongkong & Shanghai	10 %
A P Bank Ltd.	10 %	Industrial Bk. of Scot.	10 %
Henry Ansbacher	*10 %*	*Keyser Ullmann*	*10 %*
Banco de Bilbao	10 %	Knowsley & Co. Ltd.	12 %
Bank of Credit & Cmce.	10 %	Lloyds Bank	10 %
Bank of Cyprus	10 %	London Mercantile	10 %
Bank of N.S.W.	10 %	Edward Manson & Co.	11½%
Banque Belge Ltd.	10 %	Midland Bank	10 %
Banque du Rhone	10½%	■ Samuel Montague	10 %
Barclays Bank	10 %	■ Morgan Grenfell	10 %
Barnett Christie Ltd.	11 %	National Westminster	10 %
Bremar Holdings Ltd.	11 %	Norwich General Trust	10 %
Brit. Bank of Mid. East	10 %	P. S. Refson & Co.	10 %
■ Brown Shipley	10 %	Rossminster	10 %
Canada Perm't Trust	10 %	Royal Bk. Canada Trust	10 %
Cayzer Ltd.	10 %	Schlesinger Limited	10 %
Cedar Holdings	10½%	E. S. Schwab	11½%
■ Charterhouse Japhet	10 %	Security Trust Co. Ltd.	11 %
Choulartons	10 %	Shenley Trust	11 %
C. E. Coates	10 %	Standard Chartered	10 %
Consolidated Credits	10 %	Trade Dev. Bank	10 %
Co-operative Bank	*10 %	Trustee Savings Bank	10 %
Corinthian Securities	10 %	Twentieth Century Bk.	11 %
Credit Lyonnais	10 %	United Bank of Kuwait	10 %
Duncan Lawrie	10 %	Whiteaway Laidlaw	10½%
The Cyprus Popular Bk.	10 %	Williams & Glyn's	10%
Eagil Trust	*10 %*	*Yorkshire Bank*	*10 %*
English Transcont.	11 %		
First Nat. Fin. Corp.	11½%		
First Nat. Secs. Ltd.	11 %		
■ Antony Gibbs	10 %		
Greyhound Guaranty	10 %		
Grindlays Bank	10 %		
■ Guinness Mahon	10 %		
■ Hambros Bank	10 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 7%, 1-month deposits 7½%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 7%, and over £25,000 7½%.
‡ Call deposits over £1,000 7%.
§ Demand deposits 7½%.

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (25)

BUILDINGS (2)
Bailey (Ben) — Marshalls (Halifax)

CHEMICALS (1)
Wolstenholme Bronze

ELECTRICALS (2)
Dubilier — Jones Stroud

ENGINEERING (2)
Ash & Lacy — Victor Prods.

FOODS (1)
Pyke (W. J.)

HOTELS (1)
Wheeler's

INDUSTRIALS (8)
Bruntons (Muss.) — Kleen-E-Ze
Denbyware — Restmor
Fothergill & Harvey — Ricardo
James (J.) — Sharna Ware

LEISURE (1)
Norton & Wright

MOTORS (1)
Brit. Car Auctions

NEWSPAPERS (1)
Independent

PROPERTY (3)
Apex Props. — Imry Property
City Offices

SHOES (1)
Garnar Scotblair

MINES (1)
Saint Piran

NEW LOWS (40)

BRITISH FUNDS (28)

Treas. 11½pc 1979	Treas. 9pc '92-96
Excheq. 13pc 1980	Treas. 12¼pc 1995
Treas. 11½pc 1981	Treas. 9pc '92-96
Excheq. 9½pc 1981	Treas. 15¼pc 1996
Treas. Variable 1981	Excheq. 13¼pc 1996
Excheq. 12¼pc 1981	Treas. 8¾pc 1997
Treas. 14pc 1982	Treas. 6¾pc '95-98
Treas. Variable 1982	Treas. 15½pc 1998
Treas. 8½pc 1982	Treas. 10½pc 1999
Excheq. 9¼pc 1992	Excheq. 12pc '99-02
Excheq. 8¼pc 1983	Treas. 8pc '02-06
Treas. 12pc 1983	Treas. 5½pc '08-12
Funding 6½pc '85-87	Treas. 3pc 1966 Aft.
Treas. 14½pc 1994	Treas. 2½pc

INTERNATIONAL BANK (1)
5pc Stock '77-82

CORPORATION LOANS (1)
G.L.C. 12½pc 1983

FOREIGN BONDS (1)
Ireland 9¾pc '91-96

BUILDINGS (1)
Aberdeen Const.

CHEMICALS (2)
Alginate Inds. — Leigh Interests

INDUSTRIALS (1)
Trafalgar House

INSURANCE (4)
Commercial Union — Legal & General
Heath (C. E.) — Willis Faber

TRUST (1)
Edinburgh Ind.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
775	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.0	3.5
101	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.3	9.8
101	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.3	10.0
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.8	11.3
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	9.9

FIXED INTEREST STOCKS

Issue Price £	Amount paid up	Latest Renunc. date	1978 High	1978 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS and SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Fri., Oct. 13, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.) Corp. Tax 52%	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net) Corp. Tax 52%	Thur. Oct. 12 Index No.	Wed. Oct. 11 Index No.	Tues. Oct. 10 Index No.	Mon. Oct. 9 Index No.	Year ago (approx.) Index No.	1978 High
1	CAPITAL GOODS (171)	241.02	−2.0	16.04	5.19	8.57	246.05	245.91	247.67	246.97	211.57	256.28
2	Building Materials (27)	208.51	−1.6	16.86	5.43	8.17	211.96	210.62	212.35	211.14	201.76	226.68
3	Contracting, Construction (28)	374.07	−2.0	18.54	4.24	7.83	381.66	383.85	387.69	386.57	345.09	419.51
4	Electricals (14)	560.24	−3.1	12.94	3.31	10.69	578.36	580.58	583.72	579.79	459.27	583.72
5	Engineering Contractors (14)	376.67	−1.5	17.63	5.78	7.69	382.24	381.76	382.32	382.28	299.56	384.53
6	Mechanical Engineering (72)	190.24	−1.5	17.43	5.74	7.68	193.15	192.57	194.42	194.23	161.49	204.75
8	Metals and Metal Forming (16)	167.90	−1.7	15.91	8.48	8.71	170.78	170.42	171.19	172.09	159.60	182.91
11	CONSUMER GOODS (DURABLE) (53)	215.44	−1.5	15.94	4.93	8.76	218.70	218.26	219.54	218.75	202.38	226.55
12	Lt. Electronics, Radio, TV (16)	264.38	−1.8	13.92	3.86	10.07	269.31	269.17	271.31	270.20	248.40	280.21
13	Household Goods (12)	187.36	−0.6	15.90	6.05	8.66	188.40	187.78	187.63	186.23	185.51	190.17
14	Motors and Distributors (25)	128.60	−1.1	19.31	6.44	7.22	130.10	129.54	130.03	129.80	119.22	135.65
21	CONSUMER GOODS (NON-DURABLE) (172)	213.73	−1.9	15.42	5.75	8.74	217.78	217.28	218.96	218.44	203.05	228.23
22	Breweries (14)	229.56	−1.6	14.61	6.18	9.41	233.40	232.13	234.13	231.17	211.92	241.57
23	Wines and Spirits (6)	280.67	−2.4	15.17	5.12	9.84	287.55	286.59	290.41	289.00	236.70	301.24
24	Entertainment, Catering (17)	267.50	−1.9	13.59	6.52	10.73	272.62	272.44	275.45	274.89	250.99	281.53
25	Food Manufacturing (19)	208.06	−1.8	18.60	5.20	7.12	211.96	211.58	214.10	212.88	207.01	223.85
26	Food Retailing (15)	228.20	−1.9	13.24	4.51	10.50	232.55	232.73	234.67	232.63	228.43	237.92
32	Newspapers, Publishing (12)	395.90	−0.7	19.31	6.11	7.27	398.53	396.69	398.37	394.42	339.43	421.75
33	Packaging and Paper (15)	146.66	−1.2	17.56	7.31	7.50	148.51	148.62	149.26	148.12	137.43	155.65
34	Stores (40)	200.09	−2.4	10.96	4.56	13.31	205.01	204.00	205.00	206.38	193.98	218.54
35	Textiles (25)	184.72	−1.9	17.85	7.55	7.29	188.22	186.58	188.29	188.34	174.10	191.90
36	Tobaccos (3)	240.39	−0.9	22.90	7.80	5.17	242.56	244.16	245.15	244.07	226.03	266.50
37	Toys and Games (6)	114.07	−1.8	19.87	5.63	5.88	116.20	116.56	117.56	117.97	108.43	125.21
41	OTHER GROUPS (99)	208.65	−1.3	15.02	5.83	8.58	211.46	211.62	213.35	213.67	201.48	223.24
42	Chemicals (19)	294.16	−0.9	15.57	6.42	8.35	296.71	296.66	300.93	299.36	276.30	315.28
43	Pharmaceutical Products (7)	267.57	−0.9	10.64	3.87	11.52	269.97	270.80	273.56	275.37	0.00	291.13
44	Office Equipment (6)	135.97	−2.8	17.87	5.59	6.67	139.95	140.18	140.55	140.89	130.65	150.75
45	Shipping (10)	417.93	−1.4	14.87	7.30	8.59	423.95	424.68	425.49	427.77	495.46	483.01
46	Miscellaneous (57)	225.82	−1.7	16.65	6.24	7.99	229.84	229.82	230.50	231.46	206.55	236.56
49	INDUSTRIAL GROUP (495)	226.49	−1.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51	Oils (5)	514.30	−0.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX	250.53	−1.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (100)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63	Discount Houses (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64	Hire Purchase (5)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance Brokers (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (31)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Miscellaneous (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (50)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (673)	228.51	−1.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Fri. Oct. 13	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	103.79	−0.21	—	7.38
2	5-15 years	113.20	−0.77	—	7.61
3	Over 15 years	117.34	−0.86	0.26	11.42
4	Irredeemables	125.70	−0.86	—	9.82
5	All stocks	110.85	−0.59	0.10	8.94

FIXED INTEREST YIELDS

Br. Govt. Av. Gross Red.

			Fri. Oct. 13	Thur. Oct. 12	Year ago (approx.)	Highs	Lows
1	Low Coupons	5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2		15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3		25 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Medium Coupons	5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5		15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6		25 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7	High Coupons	5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8		15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9		25 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10	Irredeemables		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

		Fri. Oct. 13 Index No.	Yield %	Thur. Oct. 12	Wed. Oct. 11	Tues. Oct. 10	Mon. Oct. 9	Fri. Oct. 6	Thur. Oct. 5	Wed. Oct. 4	Year ago (approx.)	1978 Highs	1978 Lows	Since Compilation Highs	Since Compilation Lows
15	20-yr. Red. Deb. & Loans (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
16	Investment Trust Prefs. (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
17	Coml. and Indl. Prefs. (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Section or Group	Base Date	Base Value	Section or Group	Base Date	Base Value
Pharmaceutical Products	30/12/77	261.77	Industrial Group	31/12/70	128.20
Other Groups	31/12/74	63.75	Miscellaneous Financial	31/12/70	128.06
Overseas Traders	31/12/74	100.00	Food Manufacturing	29/12/67	114.13
Engineering Contractors	31/12/71	153.84	Food Retailing	29/12/67	114.13
Mechanical Engineering	31/12/71	153.84	Insurance Brokers	29/12/67	96.67
Wines and Spirits	10/1/70	128.20	Mining Finance	29/12/67	100.00
Toys and Games	16/1/70	135.72	All Other	10/4/62	100.00
Office Equipment	16/1/70	128.20			

† Redemption yield. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 22p. A fortnightly record of group and sub-section indices, dividend yields and earnings yields since 1962, with quarterly highs and lows of the indices, is obtainable from FT Business Enterprises, 10, Bolt Court, London, EC4, at £12 per copy.

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. Ltd. (a)

72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Capital	35.1	37.5	-0.6	4.18
Abbey Income	42.1	44.6	-0.5	5.76
Abbey Inv. Tst. Fd.	37.9	40.3	-0.3	4.17
Abbey Gen. Tst.	47.4	50.4	-0.5	4.21
Equitas Prog. Tst	69.6	73.4	-0.7	3.88

Allied Hambro Group (a)(g)

Hambro Hse., Hutton, Brentwood, Essex. 01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	68.9	73.7	-1.0	5.09
Brit. Inds. Fund	66.7	71.4	-0.9	5.28
Grth. & Inc.	39.6	42.6	-0.4	4.95
Elect. & Ind. Dev.	36.0	38.5	-0.5	4.59
Allied Capital	73.5	78.5	-1.0	4.46
Hambro Fund	111.3	119.1	-1.6	5.12
Hambro Acc. Fd.	125.9	134.8	-2.0	4.78
Income Funds				
High Yield Fd.	74.6	79.9	-1.1	7.88
High Income	69.2	74.0	-0.7	6.69
A.H. Eq. Inc.	41.2	44.1	-0.3	6.80
International Funds				
International	27.8	29.8	-0.2	2.28
Pacific Fund	48.9	52.1	-0.1	1.91
Secs. Of America	56.7	60.7	-0.2	1.89
U.S.A. Exempt	98.5	105.7	-0.4	1.44
Specialist Funds				
Smaller Co.'s Fd.	41.3	44.2	-0.1	4.38
2nd Smlr. Co.'s Fd.	50.1	53.6	-0.1	4.44
Recovery Sits.	101.9	109.1	-0.7	4.72
Met. Min. & Cdty.	43.6	46.6	-0.4	4.91
Overseas Earnings	60.5	64.8	-0.9	4.47
Expt. Smlr. Co's.	247.6	260.7	-1.9	4.60

Anderson Unit Trust Managers Ltd.

158, Fenchurch St. EC3M 6AA

Anderson U.T.	53.9	58.1		4.80

Ansbacher Unit Mgmt. Co. Ltd.

1 Noble St., EC2V 7JA 01-623 6376

Inc. Monthly Fund	175	185		9.20

Framlington Unit Mgt. Ltd. (a)

5-7 Ireland Yard, EC4B 5DH

American	52.4	55.6		1.24
Capital Tst.	330.2	348.0		3.27
Income Tst.	116.2	123.6		6.25
Int. Growth Fd.	126.0	134.0		2.07
Do. Accum.	130.0	138.2		2.07

Friends' Provdt. Unit Tr. Mgrs.

Pixham End, Dorking.

Friends Prov. Uts.	46.3	49.5		3.87
Do. Accum.	59.8	63.9		3.87

G.T. Unit Managers Ltd.

16, Finsbury Circus EC2M 7DJ

G.T. Cap. Inc.	90.1	95.8	-1.7	3.50
Do. Acc.	109.2	116.0	-2.0	3.50
G.T. Inc. Fd. Un.	168.4	179.1	-5.4	8.30
G.T. U.S. & Gen.	142.5	151.9	-0.7	7.20
G.T. Japan & Gen.	92.4	97.2	-1.0	0.80
G.T. Pens. Ex. Fd.	145.7	152.9		3.60
G.T. Int'l. Fund	163.6	174.0	+2.1	1.60
G.T. Four Yds. Fd.	58.9	62.6		7.00

G. & A. Trust (a)(g)

5 Rayleigh Rd., Brentwood

G. & A.	34.5	36.8	-0.6	4.51

Gartmore Fund Managers (a)(g)

2, St. Mary Axe, EC3A 8BP.

American Tst.	29.5	31.7		0.10
British Tst. (Acc.)	60.8	65.4		3.28
Commodity Share	165.2	177.6		3.42
Extra Income Tst.	26.0	28.0		8.30
Far East Trust	39.9	42.9		0.50
High Income Tst.	62.3	67.0		8.42
Income Fund	79.5	85.5		4.68
Ins. Agencies	14.50	15.52		3.32
Intl. Exempt Fd.	90.4	96.5		5.24
Intl. Tst. (Acc.)	34.8	37.4		0.89

Gibbs (Antony) Unit Tst. Mgs. Ltd.

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

CORAL INDEX: Close 495-500

INSURANCE BASE RATES

†Property Growth	10¼%
†Vanbrugh Guaranteed	8.87%

†Address shown under Insurance and Property Bond Table.

NOTES

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1978 High	Low	Stock	£	+ or —	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
105½	100⅜	Treasury 11½pc 79	100⅜	—¼	11.44	9.92
97	94¼	Treasury 3pc 79	95¾	—⅛	3.13	7.86
97⅞	95½	Electric 4½pc 74-79	96⅝	—⅛	4.39	7.87
104½	99⅞	Treasury 10½pc 79	100⅛xd	—⅛	10.43	10.33
96½	94¼	Electric 3½pc 76-79	95¾xd		3.66	7.69
105½	96⅛	Treasury 9pc 1980	97⅛	—⅛	9.21	10.84
102¾	97⅛	Treasury 9½pc 80	97½xd	—⅛	9.72	11.12
95⅛	92⅝	Treasury 3½pc 77-80	93½	—⅛	3.74	7.72
96½	93¼	Funding 5¼pc 78-80	94½		5.54	8.69
110¼	101¼	Exchequer 13pc 1980	101¼	—¼	12.78	11.97
106¼	99¼	Treasury 11½pc 1981	99¼	—¼	11.59	11.82
91⅝	88¼	Treasury 3¼pc 1979-81	89½		3.92	8.60
101¾	95⅝	Treasury 9¾pc 1981	95⅝	—¼	10.17	11.72
97⅛	91⅞	Exch 8¼pc 1981	92	—⅛	8.97	11.60
100¾	94	Exch 9½pc 1981	94	—⅛	10.11	12.06
87⅛	85⅝	Exch 3pc 1981	86¼	—⅛	3.38	8.53
97⅛	95⅝	Treas Variable 81	95⅝xd	—⅛	10.32	11.65
111	101¼	Exch 12¾pc 1981	101¼	—⅛	12.59	12.21
99⅝	91⅛	Treas 8½pc 80-82	91⅝	—¼	9.28	11.63
85⅓	82⅞	Treasury 3pc 82	84¼	—⅛	3.54	8.32
115⅞	104⅞	Treasury 14pc 82	104⅞	—	13.35	12.21
96⅛	94	Treas Variable 82	94	—⅛	10.47	10.77
96½	89⅛	Treasury 8½pc 82	89⅛	—⅛	9.51	11.80
100¼	90⅛	Exch 9¼pc 1982	90⅛	—⅛	10.17	12.21
96⅛	88¼	Exch 8¾pc 1983	88¼	—⅛	9.86	12.20
85¼	79⅛	Exch 3pc 83	81⅛	—⅛	3.66	8.01
114¼	99⅛	Treasury 12pc 1983	99¼	—⅛	12.03	12.07
100¼	89⅝	Treasury 9¼pc 83	89¼	—⅛	10.31	12.11
		Five to Fifteen Years				
95⅛	93	Exch 10pc 1983	94½	—⅛	10.92	12.24
89⅝	80¼	Funding 5½pc 82-84	82¼	—⅛	6.80	10.30
96⅞	86⅛	Treasury 8¼pc 84-86	88	—⅛	9.92	11.31
87½	76½	Funding 6½pc 85-87	76½xd	—⅛	8.47	10.73
89⅛	79⅛	Treasury 7¾pc 85-88	80⅛	—⅛	9.79	11.44
68⅛	60½	Transport 3pc 78-88	63	—⅛	4.82	8.91
75⅝	64¼	Treasury 5pc 86-89	64½	—⅛	7.75	10.55
115¼	101⅝	Treasury 13pc 1990	104⅝	—⅛	12.83	12.75
89½	77½	Treasury 8¼pc 87-90	80½	—⅛	10.63	11.83
106½	92½	Treasury 11¾pc 1991	96¼	—⅛	12.62	12.75
75⅛	63⅝	Funding 5¾pc 87-91	63¾	—⅛	9.04	11.25
112⅛	98½	Treasury 12¾pc 92	101½	—⅛	12.95	12.97
96⅛	84⅝	Treasury 10pc 1992	84⅝	—¼	12.04	12.64
113	97¼	Exch 12¼pc 92	97½	—⅛	12.83	12.94
110⅝	96⅛	Treasury 12½pc 93	99½	—⅛	12.93	12.95
72⅓	60¾	Funding 6pc 1993	60⅞	—⅛	9.94	11.66
		Over Fifteen Years				
120¼	104½	Treasury 13¾pc 1993	109⅛	—⅛	13.24	13.13
128⅞	110⅝	Treasury 14½pc 94	110⅝	—⅛	13.32	13.15
114½	97¼	Exch 12½pc 1994	98⅛	—⅛	12.99	13.05
89⅞	76⅛	Treasury 9pc 94	76⅛xd	—⅛	11.70	12.54
106¾	93	Treasury 12pc 95	96	—⅛	12.87	12.87
51	43⅛	Gas 3pc 90-95	44xd	—⅛	6.90	9.96
95	82¼	Exch 10¼pc 1995	85½	—¼	12.40	12.77

BONDS & RAILS—Cont.

1978 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
55	42	Hung '24 Ass	50	......	4½	5.63
77	65	Iceland 6½pc 83-88	68	....	—	12.55
88	82¼	Ireland 7½pc 81-83	82½	..	7½	13.09
91	78½	Do 9⅛pc '91-96	78½	—1	—	13.01
425	265	Japan 4pc '10 Ass	390	.....	—	—
87	68½	Do 6pc 83-88	70	....	6	11.25
160	140	Peru Ass 3pc	150xd	......	3	2.00
75p	75p	S.G.I. 6½pc 1980	75p	.....	6½	8.67
$99	$94½	Turin 9pc 1991	$94½	...	9	9.52
DM91	DM81	Turin 6½pc 1984	DM91	...	6½	9.10
97	94	Uruguay 3½pc	97	...	3½	3.60

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

1978 High	Low	Stock	£	+ or —	Div. Gross	C'vr	Y'ld Gr's
21⅝	13½	ASA	20½	—⅛	80c	—	2.0
60½	59	AMF 5% Conv '87	59	...	5%	—	f4.8
38⅝	22	Amax $1	34	—1	$2.20	—	3.3
50⅞	23¼	American Express	24½xd	—½	$1.60	—	3.3
24¼	11	Amer. Medic. Int.	19¼	—¼	60c	—	15.3
15⅝	969p	Asarco Inc.	11⅛	—¼	40c	—	1.8
29¾	18¼	Baker Intl. Corp. $1	23⅞	—⅛	64c	—	1.3
19¾	11⅞	Barnes Grp. $6⅔	18½	—¼	90c	—	2.4
33½	22	Bendix Corp $5	27¾	+½	$2.28	—	4.2
23½	13	Beth. Steel $8	17⅛	—⅛	$1.00	—	2.9
15	625p	Brown'g Fer. c16⅔	10¼	—¼	50c	—	2.4
14	857p	Brunswick Corpn.	11¾	—¼	70c	—	3.0
65⅝	41⅞	Burroughs Corp. $5	52⅝xd	—1	$1.60	—	1.5
51	30½	CBS $2.50	39¼	—¼	$2.60	—	0.0
42⅝	28¼	CPC $½	37	+½	$2.70	—	3.7
49⅝	32⅝	Caterpillar $1	41½	—⅛	$2.10	—	2.6
28⅛	17⅛	Chase M'htn $12.5	25⅛	—⅛	$2.20	—	4.4
22	13⅓	Chesebrough $1	17⅛	—⅛	94c	—	2.8
11	765p	Chrysler $6¼	795p	—12	$1.00	—	6.3
22½	15½	Citicorp $4	20xd	—½	$1.16	—	2.9
14	733p	City Inv. $1.25	11⅛xd	—¼	$1.00	—	4.4
25	14⅛	Do. Cm. Prf. B $1	18¼xd	—⅛	$2	—	5.4
18⅛	12¼	Colgate-P. $1	13⅝	—¼	$1.00	—	3.7
32¼	25⅞	Colt Inds. $1	26⅞	.....	$2.10	—	4.0
26	15½	Cont. Illinois $10	21¼xd	+½	$1.44	—	3.3
25⅝	17	Cont. Oil $5	20¼	—⅓	$1.40	—	3.4
29¾	20⅓	Crown Zell. $5	25⅝	+¼	$1.90	—	3.7
47⅛	20⅛	Cutler-Hammer $5	39⅛	—¼	$1.40	—	1.8
32½	22	Eaton Crp. $0.50	28¼	—⅛	$2.25	—	4.0
26½	17¼	Esmark	19½	—⅛	$1.84	—	4.7
40	28¼	Exxon $1	36½	—½	$3.40	—	4.3
12¼	670p	Firestone Tire $1	899pxd	—12	$1.10	—	6.2
19⅝	11⅛	First Chicago	17	—⅛	$1.10	—	3.3
32½	20¾	Fluor Corp. $⅝	27½xd	—¼	$1.20	—	2.2

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
24	17	Antofagasta Rly.	24	.....	—	—
41	33	Do. 5pc Pref.	41	..	—	—
98	98	Chilean Mixed	98	.....	—	13.09
415	350	German Yng. 4½pc	411	.....	4½	—
54	46	Greek 7pc Ass.	52	.....	3½	f6.94
51	46	Do. 6pc 28 Stab. Ass.	50	.....	6	f6.07
44	40	Do. 4pc Mixed Ass.	42	.....	4	f4.83

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[illegible]

AUSTRALIAN

[illegible]

TINS

[illegible]

COPPER

[illegible]

MISCELLANEOUS

High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
68	55	[illegible]	50	......	—	—	—
17	9	Burma Mines [illegible]	15	......	—	—	—
266	215	Cons. Murch. 10c	245	......	†Q30c	2.6	‡
465	245	Northgate C$1	3[illegible]5	[illegible]	—	—	—
263	164	R.T.Z.	25[illegible]	−2	9.5	2.2	5.6
90	30	Sabina Inds. C$1	55	..	—	—	—
£12	750	Tara Exploration $1	9[illegible]	−37	—	—	—
77	45	Tehidy Minerals 10p	77	......	ϕ1.35	ϕ	2.6
185	120	Yukon Cons. C$1	155	......	Q7c	2.9	2.2

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ♦ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- $ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ÷ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend: cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ✝ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✧ Regional price.
- ∥ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 24

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	26	......
Ash Spinning	49	......
Bertam	17	......
Bdg. wtr. Est. 50p	339	......
Clover Croft	26	......
Craig & Rose £1	520	......
Dyson (R. A.) A	37	......
Ellis & McHdy.	67	......
Evored	27	......
Fife Forge	52	......
Finlay Pkg. 5p	21	......
Graig Ship. £1	145	−3
Higsons Brew.	80	......
I.O.M. Stm. £1	172	+5
Holt (Jos.) 25p	258	......
N'thn. Goldsmith	67	......
Pearce (C. H.)	190	......
Peel Mills	21	......
Sheffield Brick	57	......
Sheff. Refr. hm.	63	......
Sindall (Wm.)	107	......

IRISH

Conv. 9% '80/82	£90¼	−½
Alliance Gas	73	......
Arnott	350	......
Carroll (P. J.)	99	......
Clondalkin	80	......
Concrete Prods.	120	......
Heiton (Hldgs.)	49	......
Ins. Corp.	160	......
Irish Ropes	105	......
Jacob	60	−3
Sunbeam	33	+2
T.M.G.	200xd	......
Unidare	85	......

OPTIONS
3-month Call Rates

Industrials		I.C.I.	20	Tube Invest.	30
A. Brew	6½	"Imps"	6	Unilever	35
A.P. Cement	18	I.C.L.	20	Utd. Drapery	7½
B.S.R.	9	Inveresk	9	Vickers	15
Babcock	11	KCA	3	Woolworths	5
Barclays Bank	25	Ladbroke	17	**Property**	
Beecham	35	Legal & Gen.	14		
Boots Drug	15	Lex Service	7	Brit. Land	3¾
Bowaters	16	Lloyds Bank	22	Cap. Counties	4½
B.A.T.	24	"Lofs"	4	E.P.	5
British Oxygen	6	London Brick	5	Intereuropean	4
Brown (J.)	20	Lonrho	5	Land Secs.	16
Burton 'A'	12	Lucas Inds.	25	MEPC	12
Cadburys	5	Lyons (J.)	10	Peachey	8
Courtaulds	10	"Mams"	7	Samuel Props.	9
Debenhams	9	Mrks. & Spncr.	10	Town & City	1¼
Distillers	15	Midland Bank	25	**Oils**	
Dunlop	7	N.E.I.	12		
Eagle Star	11	Nat. West. Bank	22	Brit. Petroleum	45
E.M.I.	14	Do. Warrants	10	Burmah Oil	5
Gen. Accident	17	P & O Dfd.	8	Charterhall	3
Gen. Electric	18	Plessey	5	Shell	28
Glaxo	40	R.H.M.	5	Ultramar	20
Grand Met.	9	Rank Org. 'A'	15	**Mines**	
G.U.S. 'A'	20	Reed Intnl.	12		
Guardian	18	Spillers	3	Charter Cons.	12
G.K.N.	22	Tesco	4	Cons. Gold	14
Hawker Sidd.	20	Thorn	22	Rio T. Zinc	16
House of Fraser	12	Trust Houses	15		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Saturday October 14 1978

MAN OF THE WEEK

Yorks.' sticky wicket

BY TREVOR BAILEY

THE NEAREST equivalent to a County Cricket captain is probably the player-manager of a professional football club. A cricket skipper decides, and directs, the tactics employed. He chooses the team, sometimes with the assistance, not always the correct word, of a selection committee, although in more than 20 years the Essex selection committee never met and left everything to the man in charge.

Like the player-manager, the captain has to try to keep all his players contented, even when they are dropped, and is responsible for their behaviour, both on and off the field.

It is also a considerable help if he is their guide, philosopher and friend, as well as being able to justify his own place by his personal performances.

If a football team fails to achieve success within a given period, the manager expects to be sacked, even if it is not his fault, and, to a lesser degree, this also applies to cricket.

In these circumstances, it is difficult to understand why there should have been so much fuss

Boycott
Prized but few prizes

when the Yorkshire committee decided to replace Geoffrey Boycott as captain. In eight years under his command, the county has won nothing, even though there are no fewer than four honours to be shared each season among the 17 counties.

With their great tradition Yorkshiremen expect to do well, and this barren stretch must have worried them more than most. What manager would last in Liverpool or Manchester for eight fruitless years?

It is true that the Yorkshire XI Boycott has led has not been exceptionally strong. Nevertheless one feels that a Brian Close would certainly have squeezed at least one honour out of this period.

Unquestionably, Geoffrey is still a world class batsman with figures to substantiate this claim in international and domestic cricket. The acquisition of runs has been his prime concern and he has turned it into a very profitable business. His defensive technique is close to perfection and he has largely eliminated risk, but this means that he seldom dominates opposing attacks.

As a captain, Boycott is tactically very sound and occasionally over-cautious, as, like any true Yorkshireman, he prefers to bet on the certainties.

There is little doubt that under his leadership England would also have beaten both Pakistan and New Zealand last summer. He is probably happier in charge of a high-class eleven than a limited county team, because as a perfectionist, he must find it hard to tolerate, or indeed understand, the second best.

However, he is not a natural leader and it was no secret that the present England team were pleased when Bob Willis was preferred as vice-captain to him. They had been unhappy on occasions with the way he had handled the side last winter when he took over after Mike Brierley's injury. They respected his ability and his knowledge, but he failed to inspire.

Boycott was bitterly disappointed when the Yorkshire committee, who only acted in what they believed, rightly or wrongly, was in the best interests of the club appointed Hampshire in his place for 1979. He takes these setbacks very hard, as he showed when he went into self-imposed exile from international cricket for several years because he felt he should have captained rather than Mike Denness. He knew he was both a far better player and a superior tactician but he has never appreciated that he is not a natural communicator, being too withdrawn, self-centred and suspicious of other people's motives.

It is to be hoped that the county and their finest batsman will be able to sort out their differences because Boycott would be a great loss to Yorkshire cricket as a player, but there is no reason to suppose that the county, as they showed on occasions last summer, should not do even better under John Hampshire.

British chase China steelworks orders

BY ROY HODSON

BRITISH steel plant manufacturers and designers are planning to open a permanent office in Peking to represent British interests in the modernisation of the Chinese steel industry.

The Chinese are understood to support the move, and there is every possibility that Britain will shortly become the first Western country to establish a steel plant industry delegation in China.

The potential prizes are big. The Chinese Government is in the final stages of appraising massive investment plans for two integrated steelworks, each of 10m tonnes a year eventual production capacity. Meanwhile, much of the existing Chinese steel industry is to be restructured and modernised.

Each of the two new works will cost about £7bn at current prices. Altogether the contemplated Chinese investment in new steel plant is likely to reach some £20bn over a 10-12 year period. It will amount to by far the biggest concentration of new steel plant construction anywhere in the world

The British Steel Corporation and Davy International, the biggest British steel plant makers, are taking the initiative to establish the Peking office. But the intention is that it should be fully representative of all British steel plant interests.

The groups consider they have a good chance of winning the engineering design contract for the £7bn planned works in Hopei Province together with a series of orders for modernisation projects.

A satisfactory performance on the Hopei project would help the British companies gain "most favoured supplier" status when the Chinese order the works hardware.

The plant is expected to follow the general configuration of the biggest Western world steelworks now being built.

Coke ovens

That will mean orders for coke ovens, blast furnaces, oxygen steel-making fed by liquid iron, continuous casting and ingot casting, and a variety of finishing mills.

The Chinese are likely to require most of the steel to be rolled into sheet and plate forms—vital industrial materials to support their economic expansion. The value of the Hopei hardware orders alone should exceed £3bn.

The Chinese have been considering placing the initial Hopei contract with one of the European nations — Austria, France, Holland, West Germany, or Britain—since Mr. Tang Ke, the Chinese Minister responsible for steel toured Europe earlier this year.

British steel-plant manufacturing and design interests believe the Chinese will assess several rival European bids before choosing the nation to lead the project for them.

The West Germans announced on Thursday a new industrial consortium backed by German banks specifically to tender for the Hopei plant.

British Steel thinks it is the first European company to have full information about the Hopei project from the Chinese.

While the Peking office is being set up, a Chinese technical mission is expected in Britain in the next two months. It will make a thorough examination of the British capability to make steelworks plant. British Steel, Davy International and GEC (which provides electrical installations) will be among companies visited.

Sir Charles Villiers, chairman of British Steel, and Sir John Buckley, chairman of Davy International, who is also a member of the board of British Steel, are expected to make a joint visit to China.

Industrial output slackens after first-half climb

BY DAVID FREUD

THE RAPID rise in industrial output over the first half of the year now appears to be slackening, according to official figures released yesterday.

However, there are signs that manufacturing production, whose expansion has lagged behind the all-industries performance is still moving ahead steadily.

Provisional figures released by the Central Statistical Office show that, seasonally adjusted, the all-industries index was 0.5 per cent higher in August than in the previous month, which was revised downward by -1.5 per cent.

This means that, taken together, the average output for July and August was no higher than the average for the second quarter of the year. The slackening follows the increase of 3.3 per cent in the index between the first and second quarters.

The picture for the manufacturing index is brighter—up 0 9 per cent in August on the previous month. The average for July and August was 0.3 per cent above the level of the second quarter.

INDUSTRIAL OUTPUT
(1975=100, seasonally adjusted)

		All Industries	Manufacturing
1976	1st	100.1	99.1
	2nd	101.8	101.7
	3rd	101.7	101.8
	4th	104.4	103.2
1977	1st	105.6	103.9
	2nd	105.5	102.4
	3rd	106.3	103.2
	4th	105.8	102.0
1978	1st	107.0	102.3
	2nd	110.5	104.2
	April	110.7	104.6
	May	109.6	102.9
	June	111.0	105.0
	July	110.2	104.1
	Aug.	110.7	105.0

Source: Central Statistical Office

This seems to be in line with the findings of the Confederation of British Industry's September trends inquiry, which reported that expectations for the volume of manufacturing output were quite strong, mainly, but not exclusively, among consumer goods producers.

Manufacturing areas which have seen significant recent growth include chemicals, footwear and natural fibres. Man-made fibres were down.

Average metal manufacture output in July and August was 0.7 per cent higher than the second quarter average.

The all-industries index was 110.7 (1975=100, seasonally adjusted) in August, compared with 110.2 in July. Manufacturing was 105.0 compared with 104 1.

In the latest three months the all-industries index was about 5 per cent above its level in the same period a year ago and about 12.5 per cent above the trough in the third quarter of 1975. The equivalent rises for manufacturing industry were 2 and 6.5 per cent.

Police probe Sasse syndicate

BY JOHN MOORE

THE CITY of London Police Fraud Squad is to investigate the affairs of the Lloyd's of London underwriting syndicate headed by Mr. Frederick Sasse. It is the first investigation of its kind at Lloyd's in more than 50 years.

The fraud squad has been asked to investigate the syndicate's affairs by the 16-strong ruling committee of Lloyd's. But, because of the unusual nature of the problem, Lloyd's first sought advice from the Department of Trade, which advised that the matter should be referred to the fraud squad.

Lloyd's move has been made after Merrett Dixey Syndicates, the underwriting agent that took over the management of the Sasse syndicate in May at the instigation of Lloyd's discovered that incorrect documents had been submitted for earlier audits at December 31, 1976 and December 31, last year. The documents related to insurances on Canadian fire risk business. Merrett Dixey's own auditors, Baker Sutton, have been investigating the situation for some weeks.

The Sasse syndicate is facing huge losses on Canadian fire business amounting to C$5m (£2.13m), and individual members who have underwritten a standard share of the premium of £40,000, could have to pay up to £32,000. Earlier this week, Lloyd's made the unprecedented move of offering cash aid in the form of interest-free loans to individual members of the syndicate, to help meet the claims.

Already, those members who have underwritten a standard share of the premium, have been asked to pay £54,850 mainly on $10m losses on property fire claims in the U.S. The syndicate has been unable to recover reinsurance payments from the Brazilian Reinsurance Institute which is contesting the claims in the courts.

The fraud squad said yesterday: "We are looking into the whole Sasse matter. We will make a thorough investigation." Lloyd's said: "As it is a police matter we can make no comment."

Norsk Hydro agrees UK deal

BY KEVIN DONE

NORSK HYDRO, the Norwegian chemicals, metal and energy group, has reached agreement with Conoco, the U.S. oil company, to buy its UK chemical interests. The deal is understood to be worth £7m-£8m.

The acquisition, under negotiation for several months, has aroused controversy in Britain's chemical industry and initially met objections from several trade unions.

Under the agreement Norsk Hydro will acquire a 50 per cent interest in Vinatex, the third largest polyvinyl chloride producer in the UK and a 10 per cent stake in Staveley Chemicals, which holds the other 50 per cent share of Vinatex.

The main shareholders in Staveley Chemicals are the National Coal Board (45 per cent) and the British Steel Corporation (45 per cent).

The deal is the first important step by Norsk Hydro, largest industrial company in Norway, into chemicals manufacture in the UK.

It could have important implications for future development of the National Coal Board's chemicals interests.

The NCB is keen to enlarge its small presence in petrochemicals to provide a springboard for expansion when the chemical industry changes from oil to coal feedstocks.

It has been anxious to maintain a partner in Vinatex with oil and gas interests. Norsk Hydro with its growing involvement in the North Sea and in petrochemicals meets this requirement.

Norsk Hydro's involvement in Vinatex and Staveley Chemicals was agreed at board meetings of the two companies yesterday.

The deal opens the way to rapid expansion of Vinatex's PVC capacity. It has a 60,000-tonnes-a-year PVC plant at Staveley, near Chesterfield, and has planning permission to double this capacity.

Opposition to the deal in the chemical industry has come chiefly from Imperial Chemical Industries. It has been main supplier of VCM to Vinatex, and will now lose this role to Norsk Hydro.

Continued from Page 1

Ford and BOC offers rejected

elements in their original claim in an attempt to secure increases on earnings of possibly 20 to 25 per cent in a 12-month deal.

As part of both strategies, union negotiators insist that the company provide a detailed staged programme for a shorter working week rather than simply a commitment to enter into discussions on the issue which British Oxygen has already given.

Mr. John Miller, the Transport and General Workers' Union national secretary for chemicals, reaffirmed that the claim was related to what the union side believed to be the company's ability to pay.

There was a "serious gap to be bridged," he said, but the unions had adopted what he believed a responsible position.

Although the manual work force appears in a very determined mood shop stewards have not yet made any direct threat of industrial action.

Last year a four-week strike by the same group of workers had such a widespread effect on manufacturing that more than 30,000 people were estimated to have been laid off as a result.

Carter's energy chances improve

BY DAVID BUCHAN

WASHINGTON, Oct. 13

THE FINAL outcome of two crucial Bills—on energy and tax cuts—was still unclear today in the last-minute rush to complete action on these controversial measures and a long backlog of other Bills and amendments before the U.S. Congress is due to adjourn tomorrow night.

It is still possible Congress may have to sit on into next week, or be recalled after the November 7 elections.

The chances of a final decision on President Carter's energy programme tomorrow were improved when the House of Representatives rules committee, voted to allow all five component Bills of the energy programme to come to the House floor as a single package. Opponents of natural gas deregulation had hoped to kill this measure to free gas from Federal price controls by hiving it off from the rest

Owing to the continued delays in completing legislation on Capitol Hill, President Carter decided to delay his departure for Camp David this weekend.

The House may be able only to vote on a four-Bill energy package if the Senate fails to approve the fifth Bill on energy taxes in time. Some Senators have threatened to filibuster it.

The two legislative branches are still trying to thrash out their remaining differences on the tax cut Bill. The gap is enormous because the House voted for tax relief of $16.3bn for next year, while the Senate approved tax cuts of nearly $30bn. But the House has indicated it will go along with a Senate measure to cut income taxes by $142bn from 1980 to 1983, if the Administration restrained public spending at the same time.

Continued from Page 1

Prime rates

However, its symbolic value, domestically, is also important and appears intended to reassure critics that the Fed is not shirking its responsibilities to bring money supply growth back within its stated targets.

The discount rate is the charge to member banks on money borrowed from the Fed and the last time it was raised by a full ½ per cent was in mid-August when the dollar was in the throes of a renewed crisis.

Michael Blanden writes: Upward pressure on short-term interest rates in London was reflected in a sharp rise in the Treasury bill rate at the weekly tender. The rise in rates and the poor trade figures brought a drop in prices of gilt-edged stocks.

There were growing fears in the money and gilt-edged markets that the UK authorities would be forced to raise the Bank of England's minimum lending rate as a result of the internal and external pressures.

Weather

UK TODAY

FOG, sunny intervals later. Some rain in north.

London, S.E., S.W., Cent. S. England, E. Anglia, Midlands, Channel Islands, S. Wales

Dense fog clearing slowly, dry, sunny intervals. Max. 18C (64F).

E., N.W., Cent. N. England, N. Wales

Fog at first, cloudy later, mainly dry. Max. 17C (63F).

Lakes, N.E. England

Mist clearing, becoming coudy, a little rain later. Max. 16C (61F).

Outlook: Cooler, some night frosts and fog. Mainly dry.

BUSINESS CENTRES

	Y'day mid-day	°C	°F		Y'day mid-day	°C	°F
Amstrdm.	F	18	66	Luxmbrg.	Fg	8	46
Athens	S	22	72	Madrid	C	19	66
Bahrain	S	31	88	Manchstr.	Fg	11	52
Barcelona	S	23	73	Melbourne	S	14	57
Beirut	S	29	84	Milan	S	18	64
Belfast	S	16	61	Montreal	C	11	52
Belgrade	S	17	63	Munich	S	14	57
Berlin	S	19	66	Moscow	R	8	46
Birmghm.	Fg	11	52	Newcastle	C	13	55
Bristol	C	12	54	New York	C	21	70
Brussels	S	20	68	Oslo	C	10	50
Budapest	S	20	68	Paris	S	20	68
B. Aires	S	18	64	Perth	S	17	63
Cairo	S	31	88	Prague	S	17	63
Cardiff	C	12	54	Reykjavik	F	7	45
Chicago	C	12	54	Rio de J'o	S	28	82
Cologne	S	18	64	Rome	S	24	75
Copnhgn.	S	17	63	Singapore	C	28	82
Dublin	C	16	61	Stockholm	S	15	59
Edinbrgh.	F	12	54	Strasbrg.	S	16	61
Frankfurt	C	11	52	Sydney	S	29	84
Geneva	C	11	52	Tehran	S	28	82
Glasgow	S	16	61	Tel Aviv	S	26	79
Helsinki	S	16	61	Tokyo	C	20	68
H. Kong	S	28	82	Toronto	C	11	52
Jo'burg	S	21	70	Vienna	S	21	70
Lisbon	C	17	63	Warsaw	S	16	61
London	S	15	59	Zurich	S	16	61

HOLIDAY RESORTS

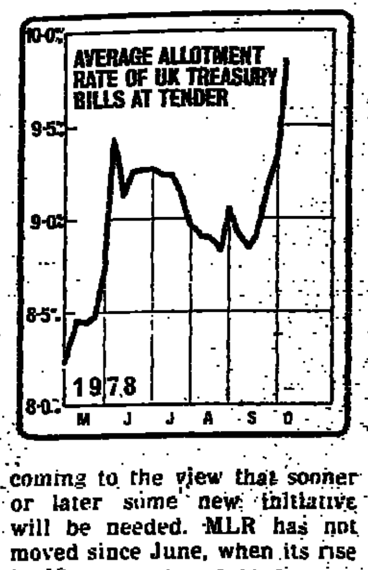
Ajaccio	[illegible]	[illegible]	[illegible]	Jersey	[illegible]	[illegible]	[illegible]
Algiers	[illegible]	[illegible]	[illegible]	Las Plms.	[illegible]	[illegible]	[illegible]
Biarritz	[illegible]	[illegible]	[illegible]	Locarno	[illegible]	[illegible]	[illegible]
Blackpool	[illegible]	[illegible]	[illegible]	Luxor	[illegible]	[illegible]	[illegible]
Bordeaux	[illegible]	[illegible]	[illegible]	Majorca	[illegible]	[illegible]	[illegible]
Boulogne	[illegible]	[illegible]	[illegible]	Malaga	[illegible]	[illegible]	[illegible]
Casablanca	[illegible]	[illegible]	[illegible]	Malta	[illegible]	[illegible]	[illegible]
Cape Town	[illegible]	[illegible]	[illegible]	Nairobi	[illegible]	[illegible]	[illegible]
Corfu	[illegible]	[illegible]	[illegible]	Naples	[illegible]	[illegible]	[illegible]
Dubrovnik	[illegible]	[illegible]	[illegible]	Nice	[illegible]	[illegible]	[illegible]
Faro	[illegible]	[illegible]	[illegible]	Nicosia	[illegible]	[illegible]	[illegible]
Florence	[illegible]	[illegible]	[illegible]	Oporto	[illegible]	[illegible]	[illegible]
Gibraltar	[illegible]	[illegible]	[illegible]	Rhodes	[illegible]	[illegible]	[illegible]
Guernsey	[illegible]	[illegible]	[illegible]	Salzburg	[illegible]	[illegible]	[illegible]
Innsbruck	[illegible]	[illegible]	[illegible]	Tangier	[illegible]	[illegible]	[illegible]
Inverness	[illegible]	[illegible]	[illegible]	Tenerife	[illegible]	[illegible]	[illegible]
I. of Man	[illegible]	[illegible]	[illegible]	Tunis	[illegible]	[illegible]	[illegible]
Istanbul	[illegible]	[illegible]	[illegible]	Valencia	[illegible]	[illegible]	[illegible]
				Venice	[illegible]	[illegible]	[illegible]

S—Sunny. F—Fair. C—Cloudy. R—Rain. Fg—Fog.

THE LEX COLUMN

Pressure from the money market

Index fell 9.6 to 496.2



The gilt-edged market, after three months of stagnation, has taken a distinct turn for the worse in the past couple of days. The pressures are coming from the short end. The Treasury bill rate at yesterday's tender jumped by half a point, and a combination of poor trade figures with unsettling labour news left the money markets distinctly nervous. Sterling took a knock, too, as the effective exchange rate index fell to a two-month low. For their part, gilts lost up to a point.

Over the last four weeks, yields at the short end have typically risen by a point or more and are now pressing up to 12 per cent for two-year stocks. Yields at the long end have only risen by around half a point over the same period.

As a result of these pressures, the young men who write brokers' circulars have begun talking in terms of a two-point rise in Minimum Lending Rate to allow the authorities to regain control of the market and start funding again. So have the not-so-young men who run the discount houses. The markets are certainly looking for a signal from on high, but so far they have been disappointed. The Bank of England placidly bought bills, at a non-penal rate, to relieve a shortage in the money market yesterday and now that MLR is freed from the Treasury bill rate the discount houses may be left to their own devices. The authorities are giving the impression that they are not worried about funding.

So far, the Government's gilt-edged sales programme is running more or less according to plan — thanks largely to the orgy of sales in June. To comply with the present money supply target, it may have to sell some £2½bn of stock to the non-bank public by April, which is by no means an impossible task. So the authorities feel they have time on their side, and will be unwilling to take any corrective action that might eventually be necessary while the outcome of the pay round remains in the balance. They would also like to study the latest Treasury forecasts and complete the promised review of the monetary guidelines—which probably takes us past the end of the month.

But the gilt edged market is coming to the view that sooner or later some new initiative will be needed. MLR has not moved since June, when its rise to 10 per cent was seen as an artificially high rate designed to help the funding programme. Since then, short-term inflation prospects have improved and the monetary aggregates have been kept under control. Yet U.S. interest rates have risen inexorably, credit demand from the corporate sector has been high as the economy as a whole has strengthened, and there have been signs that the monetary aggregates may be beginning to slip. The last banking figures—for the month to mid-September—showed a sharp rise in sterling deposits with the clearing banks, a major component of M3 and the Government borrowing requirement was uncomfortably high in September and August. In November it will also be very large, inflated by tax rebates and heavy National Debt payments. And the lack of funding will be making matters worse if it persists.

If U.S. interest rates stabilise without there being a large outflow of funds from London into the dollar; if there are signs that the Government borrowing requirement is not going to be as daunting as now seems possible, if it seems likely that wage settlements as a whole can be kept close to single figures, then the market's present nervousness may blow over. In that case the large real return available throughout the gilt market will be a powerful lure to buy and a rise in MLR will be necessary.

But the fixing of the monetary target presents a ti... lish problem. The commitm... to a 5 per cent pay norm arg... for a lowering of the presen... to-12 per cent growth range... M3—yet that in turn would quire a higher annual rate... gilt sales.

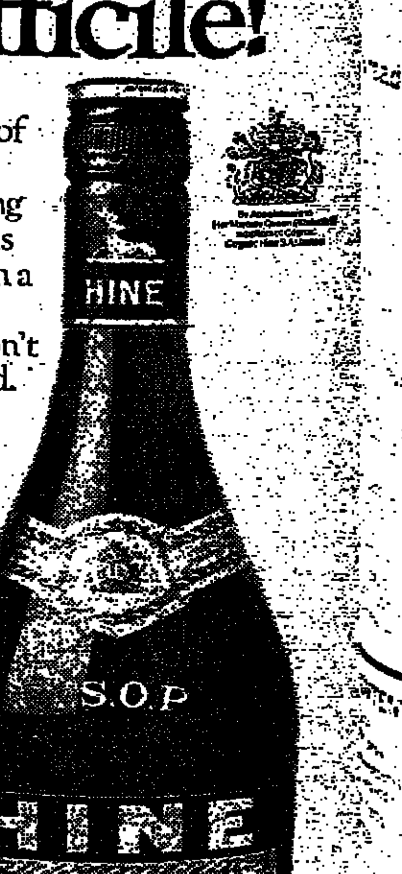
Meanwhile the long tap is good 2½ points adrift of... market and so long as it ... possible that the market lurching towards another pa... age buyers will hold off ... prices drift. If the authoriti... want to avoid travelling th... dreary old road yet again th... will have to show that they a... prepared to experiment wi... less predictable ways of selli... debt.

British Land

British Land's acquisition ... a 26.22 per cent stake in C... Offices — one of the country... most conservatively financ... property companies — is ... intriguing move. British La... is paying for the deal mainly ... the issue of its shares (eq... valent to 8.7 per cent of it... increased capital) which sig... at a discount of about 45 p... cent to net asset value. Do... this mean that British Land chairman, Mr. John Ritblat, do... not believe his own group asset value? Not at all ... seems.

The move is being justifie... on two counts. First, by th... issue of £3m worth ... new shares, British Land' debt / equity ratio is im... proved just a little; more ... At the end of March total deb... amounted to £125m, supporte... by shareholders' funds (inclu... ing revaluation surpluses) ... about £62m. More importa... could be the impact on reporte... profits. At the very least th... investment should bring in di... dends well in excess of the co... of servicing the cash element ... treated as an associate the ... tax impact would be greate...

But all this is just cosmetic British Land's ultimate objecti... could be either to make a ta... over bid for City Offices lat... or—as it has done in a numb... of other cases—to sell the sta... on to someone else for cash.



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